

CSO METER

A compass to conducive
environment and
CSO empowerment

ARMENIA 2023

COUNTRY REPORT

YEREVAN





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CSO Meter 2023: Armenia

Country Report

Reporting period January–November 2023

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The mission of Transparency International Anticorruption Center (TIAC) is to promote good governance in Armenia by reducing corruption and strengthening democracy.

The European Center for Not-for-Profit Law Stichting (ECNL) is a leading European resource and research centre in the field of policies and laws affecting civil society. ECNL creates knowledge, empowers partners and helps set standards that create, protect and expand civic freedoms.

The authors would like to express their sincere gratitude to all contributors, including members of the CSO Meter Hub and Advisory Group, interviewed experts, the participants of focus group discussions, and the ECNL team.

The '*CSO Meter: A Compass to Conducive Environment and CSO Empowerment*' project is implemented by ECNL and its partners: Transparency International Anticorruption Center in Armenia; MG Consulting LLC in Azerbaijan; Civil Society Institute in Georgia; Promo-LEX Association in Moldova; and the Ukrainian Center for Independent Political Research (UCIPR).

This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the authors and do not necessarily reflect the views of the European Union.

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ABBREVIATIONS & ACRONYMS

AMD	Armenian Dram
AML/CTF	Anti-Money Laundering/Counter-Terrorism Financing
CSO	Civil Society Organisation
EaP	Eastern Partnership
ECNL	European Center for Not-for-Profit Law
EUR	Euro
GDP	Gross Domestic Product
LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, Intersex, Asexual, Ally, etc.
NGO	Non-Governmental Organisation
NSS	National Security Service
OGP	Open Government Partnership
RA	Republic of Armenia
SLAPPs	Strategic lawsuits against public participation
TIAC	Transparency International Anticorruption Center
UBO	Ultimate beneficial owner
USD	United States Dollar
VAT	Value Added Tax

I. EXECUTIVE SUMMARY

Country context and important trends relevant to the civil society environment

In 2023, Armenian internal and external political discourse and public attention was focused on the situation in Artsakh (Nagorno-Karabakh), which was subject to blockade by Azerbaijan for over nine months from December 2022. This resulted in severe humanitarian issues, including shortages of food, medicine, gas and electricity, causing psychological suffering for people both in Artsakh and Armenia.¹ On 19 September 2023, Azerbaijan launched a one-day massive military attack on Artsakh settlements, resulting in the deaths and disappearance of hundreds of people. This forced the self-proclaimed Republic of Artsakh to surrender, marking the culmination of Azerbaijan's long-lasting ethnic cleansing attempts. Almost all of the population of Artsakh, more than 100,000 people, were forced to escape to Armenia within five days, seeking safety and basic living conditions.²

Throughout the year, tension was also present on Armenia's borders. Despite ongoing peace negotiations and the deployment of an EU civilian mission on the Armenian borders starting in February 2023,³ periodic fire by Azerbaijani armed forces with resulting casualties on both sides was reported.⁴ The deteriorating humanitarian situation in Artsakh and military tensions on Armenia's borders, aggravated by the continued occupation by Azerbaijan military forces of the sovereign territories of Armenia, as well as the anti-Armenian hate propaganda and territorial claims by Azerbaijan's leadership, escalated the situation and dominated internal politics and public sentiments inside the country. Protests by the

¹ 'Azerbaijan: Blockade of Lachin corridor putting thousands of lives in peril must be immediately lifted', Amnesty International, 09.02.2023, <https://www.amnesty.org/en/latest/news/2023/02/azerbaijan-blockade-of-lachin-corridor-putting-thousands-of-lives-in-peril-must-be-immediately-lifted/>; 'A Serious Risk of Genocide: Recent Developments in Nagorno-Karabakh', Lemkin Institute for Genocide Prevention, 07.06.2023, <https://www.lemkininstitute.com/single-post/a-serious-risk-of-genocide-recent-developments-in-nagorno-karabakh>.

² 'Nagorno-Karabakh: Over 100,000 flee to Armenia', Deutsche Welle, 30.09.2023, <https://www.dw.com/en/nagorno-karabakh-over-100000-flee-to-armenia/a-66969667>; 'Explainer: Why are 120,000 people about to move from Nagorno-Karabakh?', Reuters, 24.09.2023, <https://www.reuters.com/world/why-are-120000-people-about-move-nagorno-karabakh-2023-09-24/>.

³ 'Armenia: EU launches a civilian mission to contribute to stability in border areas', Council of the EU, Press release, 20 February 2023, <https://www.consilium.europa.eu/en/press/press-releases/2023/02/20/armenia-eu-launches-a-civilian-mission-to-contribute-to-stability-in-border-areas/>.

⁴ 'EU observers came under fire on Azerbaijan border, officials report', Politico.eu, 16.08.2023, <https://www.politico.eu/article/azerbaijan-armenia-border-gunfire-european-union-observers-verin-shorzha-united-nations-nagorno-karabakh/>; Ad Hoc Report on the results of the fact-finding activities in Tegh community of Syunik province, and the border communities of Gegharkunik province, April-May 2023, <https://ombuds.am/images/files/Odd083c36ea73a1020931132a411147d.pdf>; Ad Hoc Report on human rights continuous violations as a result of the shelling by the Azerbaijani armed forces in the direction of Yeraskh settlement of the Republic of Armenia since June 2023, Yerevan, 18 July 2023, Human Rights Defender of the Republic of Armenia, <https://ombuds.am/images/files/307991a1c29f2039517556c3c86efbde.pdf>; 'Three Armenian Soldiers Killed In Fresh Border Clashes', Azatutyun.am, 01.09.2023, <https://www.azatutyun.am/a/32574049.html>.

opposition and other political initiatives demanding the prime minister's resignation continued with more intensity following the ethnic cleansing in Artsakh in September 2023. A number of assemblies were also held to raise international organisations' attention towards humanitarian issues in Artsakh.

Civil society organisations (CSOs) continued their everyday activities through 2023, some of them with a higher focus on humanitarian and human rights issues. Since September 2023, a significant number of CSOs concentrated their efforts on helping people forcibly displaced from Artsakh, providing informational, psychological, social and legal support, implementing fact-finding initiatives on human rights violations, and raising funds to provide the basic needs of food, shelter, clothes, and hygienic goods.

Key developments in the civil society environment

The overall score for the CSO environment in Armenia **did not change** in 2023 as compared to 2022 (4.8 out of 7). The top three areas with the highest scores remain the same compared to 2022: Freedom of Association (5.7), Access to Funding (5.3), and Freedom of Peaceful Assembly (5.3), while the areas with the lowest scores are State-CSO Cooperation (4.0), State Support (4.1), State Duty to Protect (4.5) and Digital Rights (4.5).

Several important developments were noted in some of the areas analysed. The main development, which concerns both the areas of **Freedom of Association** and **State Duty to Protect** is the requirement to declare ultimate beneficial owners (UBOs) of CSOs, which entered into force in 2023. A problem of perception of the beneficial ownership institution is noted among CSOs, while reporting the changes in the data of beneficial owners brings additional costs. Due to this, as well as the continuing lack of effective protection of CSOs working in sensitive areas, a deterioration was noted in the score of **State Duty to Protect** (from 4.6 in 2022 to 4.5 in 2023).

An important problem identified in **Access to Funding** is the interpretation of grant projects as 'delivery of services', thus subject to charging VAT in cases where the recipient CSO becomes a registered VAT payer when reaching the defined threshold of annual turnover. This might lead to limitation of access to funding in practice; thus, despite a generally enabling environment for CSOs to seek funding from diverse sources, the overall score for Access to Funding has deteriorated (from 5.4 in 2022 to 5.3 in 2023).

In the area of the **Right to Participation in Decision-Making**, an improvement in the legislation score was noted due to the adoption of the roadmap for the implementation of Public Administration Reform Strategy and a results framework for 2023-2025, as well as the revised Open Government Partnership (OGP) Action Plan. These documents set out further actions on public participation improvement, including the formation of an institutional mechanism for monitoring and maintenance of participatory management procedures and advancing online and offline tools and mechanisms for participatory governance. Therefore, the overall score in this area improved (from 4.8 in 2022 to 4.9 in 2023). However, a

deterioration in terms of access to information was reported, taking into account the continuing practical challenges in getting information from the authorities and an additional category of restricted information ('official information of limited distribution') introduced in the Law on State Secrecy and the Law on Freedom of Information.

In the area of **Freedom of Expression**, despite the Government and media organisations working together on the concept of media reforms, several media-related drafts were not properly consulted on with CSOs in 2023. Lawsuits against media and journalists on the grounds of defamation and insult continue to be at a high rate, with high levels of compensation imposed. In addition, a number of lawsuits against individuals on the basis of their social media posts were initiated. Hence, the practice score in this area has deteriorated, resulting in a decrease of the overall area score (from 4.8 in 2022 to 4.7 in 2023).

An improvement was reported in the legislation score for **State Support** due to the adoption of the Law on Volunteer Work, aimed at regulating the concept of volunteering and protecting volunteer rights. At the same time, the challenges related to state funding and the lack of an encouraging tax environment for CSOs and donors remain in place, thus the overall area score remains the same as in 2022 (4.1).

No score changes were reported in other areas of CSO Meter. In the area of **Equal Treatment**, unequal access for CSOs compared to businesses in terms of registration and taxation of economic activities remains the same as in previous years. The problems in the area of **Freedom of Peaceful Assembly** also persist, as incidents of violations of assembly participants' rights and the lack of accountability of police officers for previous incidents continued to be the main challenges in the area. While Armenian legislation provides guarantees for the protection of the **Right to Privacy**, there is a need for improvement taking into account modern technologies and their related risks in terms of personal data management and security. The lack of oversight or of accountability mechanisms for surveillance activities is also considered a major practical challenge in this area.

There is no specific policy or strategy on CSO development or **State-CSO Cooperation**, though various national strategies and legislative provisions determine principles of participation and cooperation. Based on TIAC's negotiations with the Government, discussions around specific components of the CSO enabling environment were organised by the Office of the Prime Minister. The challenges in the functionality and effectiveness of public councils and other consultative bodies remain the same as in previous years.

The Government has taken a number of steps in 2023 towards better media literacy, internet accessibility, and the promotion of digital standards, which together enable greater protection of **Digital Rights**. Use of technology for surveillance purposes is properly regulated by law and restricted for a narrow set of purposes. There is, however, evidence of unlawful surveillance of phone and electronic communications in practice.

Key priorities

In 2023, there was limited advancement in addressing the recommendations from the CSO Meter report 2022. The challenges facing the CSO environment related to financial sustainability, meaningful participation, and insufficient state protection persist and require measures to be addressed. As a result, to improve the CSO environment in the coming period, the Government and the relevant institutions, together with CSOs and all other affected stakeholders, should prioritise the following seven recommendations out of total number of 29 recommendations in II areas (five of these remain in place from 2022):

1. That the Ministry of Finance provides the definition of 'grant' in accordance with best international practices and in consultation with CSOs and does not treat grant projects or other non-profit activities as economic activities;
2. That the state utilises the available institutional mechanisms of participation and ensures meaningful participation through engaging CSOs in the early stages of policy development, addresses the drawbacks of the e-draft platform, provides sufficient time for consultations, organises more frequent face-to-face consultations (including in the regions), maintains statistics on participation activities and the incorporation of comments by state bodies, and considers and incorporates well-founded and evidence-based suggestions to the maximum possible extent;
3. That the National Assembly establishes mechanisms for mandatory public consultation on draft legislation produced by members of parliament and for CSO engagement in the early stages of legal drafts;
4. That the National Assembly makes the necessary legislative changes to expand the possibilities for CSOs to represent public interests in the courts on cases within the scope of their goals and ensures that they can use this right in practice through alleviating any excessive requirements and related bureaucratic procedures;
5. That the state provides adequate protection from harassment and attacks targeting CSOs, including through establishing an anti-discrimination body, issuing public statements, and ensuring proper investigation of attacks against CSOs and activists within a reasonable timeframe, as well as through taking legislative and practical measures against strategic lawsuits against public participation (SLAPPs);
6. That the National Assembly and the Government, particularly the Ministry of Finance, create a more favourable tax environment to improve CSOs' possibilities to seek funding and in-kind support from diverse sources, including from individual and business donations and direct entrepreneurship activities, particularly via: simplifying the procedures for charity tax exemptions; providing more beneficial taxation schemes for CSOs engaged in economic activities; providing meaningful tax deductions for individual and business donations; and dismissing the VAT taxation for in-kind donations to CSOs; and
7. That the Government provides necessary measures to improve cybersecurity and protect against unlawful spyware.

II. ARMENIA – IN NUMBERS

Population: 2,976,800 (as of 1 January 2023)⁵ | **GDP per capita:** 7,014 USD (2022)⁶ | **Number of CSOs:**⁷ 6,331 public organisations; 1,667 foundations | **CSOs per 10,000 inhabitants:** 26.9 | **Registration fee for a CSO:** 10,000 AMD (about 25 EUR)⁸ | **Freedom in the World 2023:** 54/100 (Partly Free)⁹ | **World Press Freedom Index 2023:** 70.61 (49th out of 180 countries)¹⁰



Country score: 4.8

Legislation: 5.2

Practice: 4.3

The scores range from 1 to 7, where 1 signifies the lowest possible score (extremely unfavourable – authoritarian - environment) and 7 signifies the highest possible score (extremely favourable environment).

Areas	Overall	Legislation	Practice
Freedom of Association	5.7	5.8	5.6
Equal Treatment	4.9	5.0	4.8
Access to Funding	5.3 ↓	5.8	4.8 ↓
Freedom of Peaceful Assembly	5.3	5.7	4.9
Right to Participation in Decision-Making	4.9 ↑	5.4 ↑	4.3
Freedom of Expression	4.7 ↓	5.2	4.2 ↓
Right to Privacy	4.9	5.8	3.9
State Duty to Protect	4.5 ↓	5.2 ↓	3.8 ↓
State Support	4.1	4.3 ↑	3.9
State-CSO Cooperation	4.0	4.3	3.6
Digital Rights	4.5	4.9	4.0

The arrows indicate improvement or deterioration compared to last year's scores.

⁵ Demographics, Government of the Republic of Armenia, <https://www.gov.am/en/demographics/>.

⁶ GDP per capita - Armenia, The World Bank, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=AM>.

⁷ Information as of 31 August 2023, provided by the State Registry of Legal Persons of the Ministry of Justice on 14.09.2023 in response to an inquiry by TIAC.

⁸ Required documents, fees and timelines of state registration, Electronic Register of the Government of the Republic of Armenia, <https://www.e-register.am/am/docs/49>.

⁹ Freedom in the World 2023, Countries and Territories, Freedom House, <https://freedomhouse.org/countries/freedom-world/scores>.

¹⁰ Reporters Without Borders, 2023 World Press Freedom Index, <https://rsf.org/en/index>.

III. FINDINGS

3.1 Freedom of Association

Overall score per area: **5.7 / 7**

Legislation: **5.8 / 7** | Practice: **5.6 / 7**

Freedom of association is guaranteed by legislation in Armenia. CSOs (public organisations and foundations) do not face significant difficulties during their registration and operation. There is no requirement to register as a legal person for civic initiatives, and no limitations on associating online. The registration procedure is simple and inexpensive, though cases of multiple charter revisions take place. Registration is faster for public organisations if a standard charter template is used; however, the template provides only one option for governance and membership. CSOs do not yet have the possibility to register online due to unresolved technical issues. Many regional offices of the State Register were closed throughout 2023, which has created a need to travel in order to register a public organisation or foundation. Due to bureaucratic and financial obstacles, CSOs that no longer operate are reluctant to engage in the dissolution process.

Public organisations and foundations are required to submit annual reports on their budgets and activities. Sanctions are set by law and applied by the State Revenue Committee for CSOs that fail to comply with these requirements. The reports of CSOs are published online in PDF format, which makes it difficult to search for and analyse information. Further, a requirement for CSOs to declare their UBOs entered into force in 2023, creating confusion among CSOs and bringing additional costs to amend data on UBOs.

The scores in the area of Freedom of Association remained the same as in 2022. The recommendations from the previous CSO Meter report on online registration and modernisation of the annual reporting platform remain in place. However, based on the previous recommendations, the relevant state bodies have given assurances that further steps will be taken in this direction. In addition, it is recommended that greater flexibility be offered in relation to the template charter used for the registration process and that the fees charged for changes to beneficial ownership data be dismissed.

Key area findings:

- 1) *Regional CSOs face challenges in completing registration due to the necessity of travelling to State Register Offices.***

CSOs do not yet have the possibility to register online. As noted by the State Register, this is due to several technical and software issues which are expected to be resolved through the introduction of a new electronic system in 2024.¹¹ Although the possibility for CSOs to register in the State Register's regional offices became possible several years ago, more than half of the regional offices have been closed in 2023 for 'optimisation purposes'. Therefore,

¹¹ The information was provided on 27.10.2022 by the State Register in response to an inquiry by TIAC.

for CSOs located in the regions wishing to register a public organisation or foundation, there is a need to travel to the central regional cities or to the capital, Yerevan. This creates additional difficulties for the founders of CSOs located in remote areas, as more time and resources are required to travel (often multiple times) to State Registry Offices.

2) *The new requirement for CSOs to report their UBOs has created confusion among CSOs and is considered an unnecessary formality.*

Registered CSOs have been legally obliged to declare their UBOs to the State Register since January 2023.¹² Yet, their perception and understanding of the concept of beneficial ownership¹³ is different from the standard definition of a UBO used in business. Due to misinterpretation, some CSOs are concerned that they will have to report all their beneficiaries (e.g., organisations providing legal aid to women identify these women as their beneficiaries) which will be burdensome and violate the privacy of beneficiaries.¹⁴ In addition, this obligation will bring new costs for CSOs. Making the first declaration on UBOs is free of charge and mandatory for all organisations, as well as confirmation of UBO data on an annual basis. The fee for registration of any changes to this information is 10,000 AMD (around 25 EUR). This fee is equivalent to the fees for registering other changes in the Register (e.g., changes in a CSO's charter).¹⁵ The requirement to declare UBOs is considered an unnecessary formality and an additional burden for CSOs. CSOs usually report their executive leaders and/or founders as beneficial owners and information on these persons is already available at the State Register (see also Area 8: State Duty to Protect).¹⁶

Specific recommendations per Area:

- That the State Register revises the standard template charter for registration purposes to allow several options of specific features (e.g., governance structures, membership fee, etc.);
- That the Ministry of Justice provides the opportunity for CSOs to register and update their registration data online;
- That the Ministry of Justice makes the registration of changes in data on beneficial owners free of charge for non-profit organisations;
- That the State Revenue Committee modernises the electronic database of CSO reports, providing search possibilities based on the region, area of activity and other criteria, as well as promotes its usage, particularly through posting banners and/or quick links on the homepage of the State Revenue Committee's website and other relevant state websites.

¹² Amendments to the RA Law on State Registration of Legal Entities, Separate Subdivisions of Legal Entities, Institutions and Private Entrepreneurs, 03.06.2021, <https://www.arlis.am/documentview.aspx?docid=153756>.

¹³ In Armenian, the legislation uses the term 'real beneficiaries' to denote the concept of beneficial owners.

¹⁴ Focus group discussions, July-August 2023.

¹⁵ RA Law on State Duty, 27.12.1997, last amended 25.10.2023, <https://www.arlis.am/DocumentView.aspx?docid=185711>.

¹⁶ Interviews and focus group discussions, July-August 2023.

3.2 Equal Treatment

Overall score per area: **4.9 / 7**

Legislation: **5 / 7**

Practice: **4.8 / 7**

The treatment of CSOs by the state both overall and in comparison to business entities has not changed since 2022. Specific aspects of the laws related to registration and taxation are more favourable for the business sector, though in practice CSOs are significantly less subject to tax inspections than businesses. Legal regulations provide equal treatment for all CSOs. However, a selective approach has been observed in terms of CSOs' engagement in decision-making and the provision of funding, particularly at the local level. The scores in the area of Equal Treatment remained the same as in 2022. As in the previous reporting period, the Government is recommended to take measures to provide equitable treatment of CSOs in relation to business entities at least in terms of the possibilities for online registration.

Key area findings:

- 1) Some aspects of the laws on registration and taxation are less favourable for CSOs in comparison to business entities.**

The registration process for business entities is less expensive and quicker compared to that for CSOs. This difference in registration timelines is determined by the authorities' need to review a CSO's charter in detail in cases where it is not based on the standard template provided by the state. The state fee for CSO registration is 10,000 AMD (around 25 EUR), while companies do not pay registration fees and individual entrepreneurs pay 3,000 AMD (around 7.50 EUR). In addition, in contrast to CSOs and other types of legal entities, limited liability companies and individual entrepreneurs can register online.

CSOs are also in a disadvantageous position compared to businesses when carrying out entrepreneurial activities. Unlike companies, public organisations are obliged to provide an audit report in instances where their annual income from the public budget exceeds 10 million AMD (around 25,000 EUR). This adds to CSOs' costs when applying for public procurement tenders.

- 2) Local authorities apply a selective approach to CSOs working at the local level in relation to participation in decision-making and receiving state support.**

The law does not distinguish between different types of CSOs in terms of participation in decision-making or receiving state support. Yet, in practice, CSOs report that officials apply a selective approach to the CSOs that they consult with for public policies, particularly at the regional and local levels. This means that when it comes to being involved in public policy discussions, the local government might ignore and not involve CSOs which are critical to their work. The local governments may also allocate funding to CSOs on a discretionary basis,

without applying any transparent selection criteria¹⁷ (see also Area 5: Right to Participation in Decision-Making and Area 9: State Support).

Specific recommendations per Area:

- That the Ministry of Justice provides opportunities for CSOs to register and update their registration data online.

3.3 Access to Funding

Overall score per area: **5.3 / 7**

Legislation: **5.8 / 7** | Practice: **4.8 / 7**

The legislation allows CSOs to seek, receive and use funding from all legitimate sources. However, this possibility is not fully functional due to the lack of incentives for CSOs to fundraise and undertake entrepreneurial activities, and most CSOs rely on donor funding. There are no legal restrictions on receiving donations, grants, or in-kind support from international sources.

The audit requirements set by law affect CSOs' access to funding, as many organisations do not have free (unrestricted) funds for covering audit costs. The requirement of charging VAT on grant funding in cases where annual turnover exceeds the threshold set by law raised concerns among CSOs, and may lead to limits on access to funding in practice. As a result, the scores in the area of Access to Funding have deteriorated from 2022, while the recommendations to address issues related to the mandatory audit requirement and to provide a more favourable taxation environment are still applicable.

Key area findings:

1) CSOs' access to funding is affected by the audit requirement.

Public organisations are obliged to provide an audit report for the expenditure of public funds if they received 10 million AMD (around 25,000 EUR) or more from the state or local government in the reporting year.¹⁸ A requirement for audit is set for foundations in cases where the value of their assets exceeds 10 million AMD (around 25,000 EUR) by the end of the reporting year.¹⁹ Audit implementation is usually costly (starting from 500,000 AMD or around 1,250 EUR) but only occasionally covered by grant projects, while many organisations do not have alternative funds for covering such costs. In addition, this requirement puts

¹⁷ Interviews and focus group discussions, July-August 2023.

¹⁸ RA Law on Public Organisations, 16.12.2016, last amended 14.06.2023, <https://www.arlis.am/DocumentView.aspx?docid=183139>, Article 26.

¹⁹ RA Law on Foundations, 26.12.2002, last amended 14.06.2023, <https://www.arlis.am/documentview.aspx?docid=183143>, Article 39.

public organisations in a less competitive position compared to companies when applying for state procurement tenders, as they have to include audit costs in their budget estimates.

2) Tax regulations are unsupportive of CSOs' access to domestic and international funding.

Non-profit organisations automatically become twenty per cent VAT payers and have to charge VAT for their provided goods, work and services in instances where the annual turnover of the organisation exceeds 115 million AMD (around 287,500 EUR), but only on the amount exceeding the threshold.²⁰ In cases in which CSOs have exceeded this threshold (regardless of whether their source of income is grants, donations, or revenues from economic activities), they have to charge and pay VAT on their goods, work and services. According to the Tax Code, the goods, work and services covered by grant funding are also subject to VAT, though exemptions can be provided by a relevant government decision (even though there is no definition of a 'grant' in legislation).²¹

Based on information received from government representatives, only work and services performed free of charge, as well as programmes accorded charitable status by a special government decision, are exempt from VAT.²² CSOs are concerned that this requirement might pose risks for organisations relying on grant funding and having income beyond the threshold, especially in cases where their programmes are not classed as having charitable status. This would mean that affected organisations will be required to pay VAT on their grant funding exceeding the relevant threshold in the reporting year, and in the following year on *all* taxable types of income regardless of the total amount of income (as the organisations will be registered as VAT payers from the start of the following tax year).²³

Donations to CSOs by individuals and companies are not encouraged by the tax environment. The existing benefits for business donations are not tax efficient, while there are no legal mechanisms to promote individual donations. In-kind donations are subject to VAT unless exemptions are provided in specific cases (see also Area 9: State Support).

Specific recommendations per Area:

- That the Ministry of Finance ensures that state bodies cover the mandatory audit costs within the grant/procurement funding and considers raising the threshold of the income subject to audit to reduce associated audit costs and reallocate them towards grant funding;
- That the Ministry of Finance provides the definition of 'grant' in accordance with best international practices and in consultation with CSOs, and does not treat grant projects or other non-profit activities as economic activities; and

²⁰ RA Tax Code, 04.10.2016, last amended 25.10.2023, <https://www.arlis.am/DocumentView.aspx?docid=185997>, Articles 59 and 63.

²¹ RA Tax Code, 04.10.2016, Articles 4 and 64.

²² Meeting between CSOs and government representatives, August 2023.

²³ Interviews and consultations with CSO Meter Hub members, August 2023.

- That the Ministry of Finance creates a more favourable tax environment to improve CSOs' possibilities for seeking funding and in-kind support from diverse sources, including from individuals, business donations and direct entrepreneurship activities.

3.4 Freedom of Peaceful Assembly

Overall score per area: **5.3 / 7**

Legislation: 5.7 / 7	Practice: 4.9 / 7
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Freedom of peaceful assembly is protected by Armenian legislation in line with international standards. Everyone has the right to organise and/or participate in a peaceful assembly, and this right shall be adequately protected wherever the assembly takes place. The assembly organiser is required to send a notification to the local municipality (at least seven days prior to the planned assembly date) if the assembly is planned to take place in an outdoor public space and the participation of over 100 people is expected. Spontaneous and urgent assemblies do not require prior notification. Simultaneous assemblies and counter assemblies are not restricted. The law obliges the police to facilitate an assembly when it is peaceful regardless of the fulfilment of the notification requirement. The police can stop an assembly only in cases where there is no other way to prevent a disproportionate restriction on others' fundamental rights or public interests.

In practice, the state has failed to guarantee and protect freedom of assembly in numerous instances. The overall score in the area of Freedom of Peaceful Assembly remained the same as in 2022, with new incidents of violent treatment of assembly participants by police and a lack of effective sanctions applied to police officers who have violated the law. The recommendations of the 2022 CSO Meter report on calling the offending police officers to accountability have not been addressed and are therefore still relevant.

Key area findings:

- 1) Several instances of disproportionate use of force by police, as well as threats to potential assembly participants on social media, were reported in 2023.**

A number of assemblies were held in 2023 on political, social, legal, or other issues. Those organised by civic initiatives and CSOs were mostly focused on the situation in Artsakh (Nagorno-Karabakh) and calling on the international community to take specific steps to resolve the related emergency issues. Several incidents of dispersal or unlawful intervention from the police took place in September 2023, when protests emerged following Azerbaijan's attack on Artsakh and the Armenian Government's statement on non-intervention. In

particular, the use of stun grenades directly towards assembly participants, unlawful detentions, beatings, and other violence by police were reported.²⁴

Prior to the opposition assembly organised in late September, social media posts by members and supporters of the ruling party called for people from Artsakh, who would participate in assemblies, to be deprived of social assistance.²⁵ This incident was condemned by human rights defenders, but there were no reports of disciplinary actions taken by the Government or public announcements to refute this information. Currently, the case is under examination by the Prosecutor's Office.²⁶

2) Incidents of police violence that took place in past years were not duly investigated and sanctioned.

No police officers have been charged or held responsible for the incidents of inappropriate use of force reported during 2022, even in cases when violence against protesters was recorded on camera.²⁷ The charges are usually limited to disciplinary sanctions only. According to information from the police, 92 disciplinary proceedings were initiated in 2020-2022 on the basis of police violations, of which five police officers were subject to disciplinary measures and none were subject to criminal sanctions.²⁸ At the same time, 18 cases of offences by police officers that took place during assemblies in 2022 are currently under investigation.²⁹

3) The law sets out regulations on various aspects of policing assemblies and improvements to these regulations are planned.

The law sets out clear regulations on the use of force, special means, and surveillance devices by the police. However, there are no specific regulations on the policing of assemblies. The Action Plan for 2023-2025 (deriving from the National Strategy on Human Rights Protection) proposes to amend the laws 'On Police' and 'On Police Troops' that regulate police actions during assemblies and other mass events to make them compliant with international standards and human rights, as well as to raise awareness of the specialised divisions of the

²⁴ Statement on the current situation in Armenia in the context of the freedom of peaceful assembly, Helsinki Committee of Armenia, Yerevan, September 24, 2023, <https://armhels.com/en/2023/09/24/statement-on-current-situation-in-armenia-in-the-context-of-the-freedom-of-peaceful-assembly/>.

²⁵ Monitoring Freedom of Peaceful Assemblies (July-September 2023), Report, Helsinki Committee of Armenia, Yerevan, 2023, https://armhels.com/wp-content/uploads/2023/11/FoA_monitoring_2023_3.pdf.

²⁶ Calls from the ruling party representatives to 'deprive of aid the citizens of Artsakh participating in the assemblies': the prosecutor's office has started an investigation, 02.10.2023, Azatutyun.am, <https://www.azatutyun.am/a/32619740.html>.

²⁷ Monitoring Freedom of Peaceful Assemblies (April-June 2023), Report, Helsinki Committee of Armenia, Yerevan, 2023, https://armhels.com/wp-content/uploads/2023/07/FoA-monitoring_2023_2.pdf.

²⁸ Action Plan for 2023-2025 Deriving from the National Strategy on Human Rights Protection, approved by the RA Government Decision N 1674-L 'On changes and additions to the Decision of the Government of the Republic of Armenia N 1978-L adopted on December 26, 2019', 28.09.2023, <https://www.arlis.am/DocumentView.aspx?DocID=183444>.

²⁹ The information was provided on 31.08.2023 by the Police in response to an inquiry by TIAC.

Ministry of Internal Affairs on the freedom of assembly and improve assembly-policing practices to ensure the protection of human rights.³⁰

Specific recommendations in the Area are as follows:

- Law enforcement bodies should carry out proper investigations in a timely manner and apply the relevant sanctions in cases where police officers have abused their power in the policing of assemblies.

3.5 Right to Participation in Decision-Making

Overall score per area: **4.9 / 7**

Legislation: **5.4 / 7**

Practice: **4.3 / 7**

The legislation provides a variety of institutional mechanisms aimed at engaging civil society and the public in the decision-making process, including the electronic platform for public consultations (e-draft.am), public hearings, and consultative bodies. The civil legislative initiative, provided for by the Constitution, was used for the first time in 2023, with the outcomes yet to be seen.

Public consultation on new legislative acts is mandatory by law, except for the legal drafts on ratification of international agreements. In instances where draft legislation submitted to the Government has not passed the public discussion, the Government can return it to the submitting body. However, there are no administrative sanctions defined for failure to conduct mandatory public consultation. Furthermore, the provision on mandatory consultation does not extend to draft legislation initiated by the National Assembly and legal acts related to the state of emergency or martial law.

There is no legal enforcement for participation in policy implementation and monitoring. The practice of engaging CSOs in the stages of implementation, monitoring and evaluation of state policies and programmes is limited, and often depends on the proactiveness of CSOs and the availability of donor-funded programmes.

Access to information has deteriorated in recent years. The responses to enquiries and the proactive disclosure of information by state bodies in practice are often not compliant with the legal requirements, while the adoption of a new concept 'official information of limited distribution' poses further risks in terms of access to information.

Due to the adoption of national action plans that include measures on improving institutional mechanisms of participation, the legislation score and, consequently, the overall score in this area has improved. Most of the recommendations from the CSO Meter 2022 remain in place. In particular, the Government is recommended to provide more effective use of existing participation tools to ensure meaningful participation, engage CSOs in the early stages of decision-making (as well as in policy monitoring and

³⁰ Action Plan for 2023-2025 Deriving from the National Strategy on Human Rights Protection, approved by the RA Government Decision N 1674-L 'On changes and additions to the Decision of the Government of the Republic of Armenia N 1978-L adopted on December 26, 2019', 28.09.2023.

implementation), set sanctions for non-compliant state bodies, and define mechanisms for mandatory public discussion of drafts initiated by the National Assembly.

Key area findings:

1) In 2023, citizens made use of the civil legislative initiative for the first time.

The Constitution sets out the right of citizens to present petitions and legislative initiatives to decision-makers. In particular, at least fifty thousand citizens having the right of suffrage can propose a draft law to the National Assembly.³¹ In 2023, a civil legislative initiative was launched for the first time, proposing amendments to the Criminal Code which would stipulate criminal punishment for recognising Artsakh as part of another state on behalf of the Republic of Armenia, as well as for refusing international recognition of the Armenian Genocide.³² The initiative succeeded in collecting over 58,000 signatures, and was delivered to the National Assembly in October 2023.³³

2) The Government demonstrates the political will to further improve participation mechanisms and practices. However, openness to CSO input and collaboration varies depending on the state agency and the policy discussed.

Following up on the Public Administration Reform Strategy adopted in May 2022, in August 2023 the Government adopted a roadmap for implementation and a results framework for 2023-2025. These documents set out further actions on public participation improvement, including the formation of an institutional mechanism for the monitoring and maintenance of participatory management procedures and advancing online and offline tools and mechanisms for participatory governance, as well as setting target indicators on improving public awareness on reforms and input in policymaking.³⁴

The Government has also shown positive progress in the revised OGP Action Plan adopted in November 2023. In particular, the Government plans to create a special institutional unit in the Prime Minister's Office to promote participatory governance processes.³⁵ The Government has also indicated its willingness to consult CSOs on further steps on improving public participation and participatory governance.³⁶

CSOs note positive instances of dialogue with the state authorities in specific areas (for example, electoral and labour rights), though they mention that consultations are sometimes perceived by the Government as a formality. In areas such as ecology, urban planning, justice

³¹ Constitution of the Republic of Armenia, 05.07.1995, amended on 06.12.2015, <https://www.arlis.am/DocumentView.aspx?DocID=143723>, Article 109.

³² Hayaqve: A Civil Legislative Initiative to Stop the Betrayal of Artsakh and Armenia's Future, The Armenian Weekly, 26.07.2023, <https://armenianweekly.com/2023/07/26/hayaqve-a-civil-legislative-initiative-to-stop-the-betrayal-of-artsakh-and-armenias-future/>.

³³ On 5 December 2023 (beyond the reporting period), the parliament voted against putting the draft on the parliament agenda.

³⁴ RA Government Decision N 1367-L on Amendments to the RA Government Decision N 691-L of May 13, 2022, 11.08.2023, <https://www.arlis.am/DocumentView.aspx?docid=181429>.

³⁵ RA Government Decision N 1958-L on Amendments to the Decision N 1568-L of October 6, 2022 of the Government of the Republic of Armenia, 09.11.2023, <https://www.arlis.am/DocumentView.aspx?DocID=185244>.

³⁶ Arayik Harutyunyan chairs the consultation on 'Participatory Governance', The Government of the Republic of Armenia, 21.04.2023, <https://www.gov.am/en/news/item/10304/>.

reforms, political and other sensitive issues, the opinions of CSOs might be neglected.³⁷ The e-draft platform (a platform on which government-initiated draft legislation is posted and suggestions collected from registered users) is considered by CSOs as a good source for information, but often as simply an imitation of participation, as it allows government bodies to consider any draft legislation as having ‘passed public consultation’, even in cases when there are few views of the draft, no critical comments, or no comments at all.³⁸

CSOs note the lack of institutional engagement with the National Assembly, while a few individual members of parliament are open to discussions.³⁹ Positive examples of the National Assembly incorporating CSOs’ suggestions through public discussions and parliamentary hearings are the amendments to the Labour Code and the new Law on Volunteer Work.⁴⁰ On the other hand, the draft amendments related to the introduction of voluntary mobilisation of women in the Army was not discussed with CSOs, even though women’s rights organisations raised concerns on the draft amendments and demanded face-to-face discussions.⁴¹

3) *The practice of participation and dialogue at the local level varies depending on the attitude of local authorities and the nature of CSOs’ activities.*

Local CSOs are sometimes supported by and engaged with local authorities. Yet they still may face pressure and ignorance in cases where they implement watchdog activities and criticise the authorities.⁴² Public participation is stipulated for consultation on community development programmes, annual budgets, and subsidy programmes. Based on the OGP Action Plan 2022-2024,⁴³ several communities practiced participatory budgeting by providing citizens with an opportunity to suggest and vote for projects to be funded from local budgets. In addition, the Government has adopted a procedure of allocating subsidy programmes to local governments applying a participatory budgeting approach, including the proposal of project ideas and subsequent voting by community members and local CSOs.⁴⁴

However, CSOs and experts note the lack of genuine participation and the incorporation of suggestions into local government decisions. Furthermore, due to the community

³⁷ Interviews and focus group discussions, July-August 2023.

³⁸ Interviews and focus group discussions, July-August 2023, Advisory Board meeting, November 2023.

³⁹ Interviews and focus group discussions, July-August 2023.

⁴⁰ Interviews, August 2023; Armenia: New law ‘On Volunteer Work’ adopted, CSO Meter, 08.08.2023, <https://csometer.info/updates/armenia-new-law-volunteer-work-adopted>.

⁴¹ Women in the army. do they guarantee security without security guarantees? WRC Armenia, <https://womenofarmenia.org/hy/2023/06/21/կանայք-բանակում-առողջ-տնայնական/>.

⁴² Interviews and focus group discussions, July-August 2023.

⁴³ Armenia approves fifth OGP Action Plan 2022-2024, CSO Meter, 17.10.2022, <https://csometer.info/updates/armenia-approves-fifth-ogp-action-plan-2022-2024>.

⁴⁴ RA Government Decision N 1890-N ‘On approving the procedure for providing subvention to RA communities from the RA State Budget 2024 for implementing participatory budgeting projects in the communities’, 02.11.2023, <https://www.arlis.am/DocumentView.aspx?docID=184645>.

consolidation process⁴⁵ and given the lack of local transportation in many communities, the populations of remote settlements experience difficulties in reaching their respective community centres to take part in public consultations and hearings.⁴⁶

The Law on Local Self Governance provides an opportunity for citizens to include a discussion issue in the agenda of community council sessions, if this is supported by a petition with a certain number of signatures.⁴⁷ However, this opportunity is rarely used. In 2023, a local CSO initiated a petition to raise the question of local transportation in Spitak, a community in northern Armenia. In response, the community head criticised and reprimanded the administrative heads of settlements and the community members who had signed the petition.⁴⁸

4) CSOs have noticed a deterioration in access to information in recent years, and the situation might worsen further given recent legal amendments.

Despite ratification of the Council of Europe Convention on Access to Official Documents in 2022,⁴⁹ in practice access to information has not improved. As in previous years, state bodies and municipalities often fail to publish complete and timely information, while the information that is published is often in non-machine-readable PDF format. CSOs have noticed an increasing deterioration in access to information, as responses to enquiries are delayed, rejected, or sometimes not even provided at all.⁵⁰ From January to September 2023, the Committee to Protect Freedom of Expression reported 106 cases of violation of the right to access information (for comparison, there were 89 violations across the same period in 2022). In fourteen of these cases, CSOs and media organisations submitted court applications to obtain a proper response.⁵¹ However, due to the long time periods and bureaucracy associated with the court procedure, this process is considered as ineffective and, even in cases of success, the provided information could be outdated or no longer relevant.

CSOs anticipate additional challenges in accessing information with the adoption of the new Law on State Secrecy that will enter into force in 2024.⁵² The Law was strongly criticised by

⁴⁵ Based on public administration reforms, starting 2015, 931 communities in Armenia were restructured into 71, merging several municipalities into larger consolidated communities.

⁴⁶ Interviews and focus group discussions, July-August 2023.

⁴⁷ RA Law on Local Self-Government, 07.05.2002, revised 16.12.2016, last amended 22.03.2023, <https://www.arlis.am/DocumentView.aspx?DocID=176442>, Article 14.

⁴⁸ After the scandalous incident, the mayor of Spitak is in a focus of a new story, Azatutyun TV, 09.06.2023, <https://www.youtube.com/watch?v=VelgN0rUcvQ>.

⁴⁹ Armenia ratified the Council of Europe Convention on Access to Official Documents and the Additional Protocol to the Convention on the Prevention of Terrorism, Council of Europe, 04.05.2022, <https://www.coe.int/en/web/human-rights-rule-of-law/-/armenia-ratifies-the-council-of-europe-convention-on-access-to-official-documents-and-the-additional-protocol-to-the-convention-on-the-prevention-of-t>.

⁵⁰ Interviews and focus group discussions, July-August 2023.

⁵¹ Quarterly report of CPFE on Situation with Freedom of Expression and Violations of Rights of Journalists and Media in Armenia (July-September, 2023), Committee to Protect Freedom of Expression, <https://khosq.am/en/reports/quarterly-report-of-cpfe-on-situation-with-freedom-of-expression-and-violations-of-rights-of-journalists-and-media-in-armenia-july-september-2023/>.

⁵² This new law will replace the law 'On State and State Service Secrecy' starting 2024, see: RA Law on State Secrecy, 01.03.2023, <https://www.arlis.am/DocumentView.aspx?docid=175793>.

CSOs,⁵³ particularly in regard to its introducing the concept of ‘official information of limited distribution’.⁵⁴ Together with the new Law, a related provision was introduced to the Law on Freedom of Information, effective April 2023, in which ‘official information of limited distribution’ was included in the list of grounds for restricting access to information.⁵⁵ CSOs are concerned that state bodies will have a large discretion in identifying which information can be classified as ‘official information of limited distribution’ and reject enquiries to an even greater extent.⁵⁶

Specific recommendations in this Area are as follows:

- That the state utilises the available institutional mechanisms of participation and ensures meaningful participation through engaging CSOs in the early stages of policy development, addresses the drawbacks of the e-draft platform, provides sufficient time for consultations, organises more frequent face-to-face consultations (including in the regions), maintains statistics on participation activities and the incorporation of comments by state bodies, and considers and incorporates well-founded and evidence-based suggestions to the maximum possible extent;
- That the National Assembly establishes mechanisms for mandatory public consultation on draft legislation produced by members of parliament and for CSO engagement in the early stages of legal drafts;
- That the Government and the National Assembly envisage legal sanctions for non-implementation of the provisions related to public consultations and the activities of consultative bodies;
- That state bodies should respond to CSO enquiries in a timely and comprehensive manner and ensure timely publication and continuous updating of information on official websites;
- That the amendments to the Law on Freedom of Information adopted in 2023 are dismissed and the notion of ‘official information of limited distribution’ is removed from the legislation; and
- That the Government widens CSO engagement in policy implementation and monitoring stages through setting institutional mechanisms and ensuring engagement after the adoption of laws, policies, and strategies.

⁵³ Statement, Committee to Protect Freedom of Expression, 13.03.2023, <https://khosq.am/en/2023/03/13/statement-101/>.

⁵⁴ ‘Official information of limited distribution’ is defined as information that is not classified as secret but should be restricted as its dissemination can harm the country’s ‘protection, foreign relations, political and economic interests, protection of the legal system’, see: RA Law on State Secrecy, 01.03.2023, <https://www.arlis.am/DocumentView.aspx?docid=175793>.

⁵⁵ RA Law on Amendments to the RA Law on Freedom of Information, 01.03.2023, <https://www.arlis.am/DocumentView.aspx?docid=175809>.

⁵⁶ Interviews and focus group discussions, July-August 2023.

3.6 Freedom of Expression

Overall score per area: **4.7 / 7**

Legislation: **5.2 / 7** | Practice: **4.2 / 7**

Freedom of expression is guaranteed by legislation, and can be restricted only by law for a narrow set of purposes. According to the law, media practitioners and journalists act freely on the basis of principles of equality, lawfulness, freedom of expression and pluralism. Censorship, coercion, hindrance to professional activities, and discrimination are prohibited. Media organisations can implement their activities without registration and licensing, except for TV and radio companies.

Despite the Memorandum signed in 2022, the Government does not always maintain its commitment to consult with CSOs and media organisations on media-related legislation in the early stages: several drafts developed in 2023 were not properly consulted on with CSOs.

As in previous years, the need to tackle disinformation and fake news is still a priority, especially in the context of the high levels of political tension and social polarisation. Discussions around the National Strategy against Disinformation launched in 2022 are ongoing, and the adoption of the Strategy is planned by the end of the year.⁵⁷

Fewer cases of physical attacks on media representatives were reported in 2023. However, as in previous years, journalists and activists face multiple lawsuits claiming compensation for defamation and insult and the number of lawsuits and the amount of compensation claimed increased in 2023. The Criminal Code sets liability for any public speech aimed at inciting or promoting hatred, discrimination, intolerance or enmity, as well as for public calls to and public justification of or preaching violence, with sanctions varying from a fine up to imprisonment. In 2023, criminal cases were initiated against individuals for their publications on social media. However, the legitimacy and proportionality of these cases needs further examination.

The overall score in the area of Freedom of Expression has deteriorated due to the increased number of court cases on the grounds of defamation and insult, as well as inconsistent approach of law enforcement towards social media publications. The recommendations include urging the Government to consult with CSOs and media organisations on media-related legislation in the early stages and to apply a consistent, non-discriminatory approach in addressing hate speech and calls to violence.

Key area findings:

1) CSO involvement in media reforms has been agreed, but not yet fully implemented.

A Memorandum of Cooperation was signed between eleven media organisations, the relevant parliamentary committee and the Ministry of Justice in April 2022, according to which the government representatives committed to consult with the relevant stakeholders when developing media-related legislation. In addition, a joint working group was set up to

⁵⁷ A national strategy to combat disinformation will be ready by the end of the year, First Channel News, 04.05.2023, <https://www.1lurer.am/hy/2023/05/04/Այապտեղեկատվության-դեմ-պայքարի-ազգային-նազմավարող-թղուկը-մինչև-տարեկերթ-պատրաստ-կլինի/924846>.

develop a comprehensive concept on media reforms to serve as the basis for further policies and legislative amendments.⁵⁸ Joint work on the concept has continued throughout 2023 and it is expected that the concept will be finalised in 2024.

Despite the Memorandum, several legislative initiatives took place in 2023 on which the public were not properly consulted. In March 2023, the National Assembly adopted two amendments to the Law on Audiovisual Media (relating to broadcasting and licensing provisions of audiovisual programmes included in the public multiplex). Though the amendments were more of a technical character and did not place any restrictions on journalists or media companies, media organisations noted that they were not consulted on them. They also pointed out that there are more urgent issues that need to be discussed and amended in the relevant Law, such as ensuring proper transparency of the evaluation of applications in licensing tenders, strengthening the requirements for decision justifications, and revising the approach towards self-regulation within private television companies, etc.⁵⁹

In a separate development, the Ministry of Justice published a draft on making amendments and supplements to the Law on the Legal Regime of Martial Law.⁶⁰ Among other proposed provisions, the draft envisaged possible restrictions of freedom of expression, the establishment of a special procedure for accreditation of journalists, special rules for using communication means, restrictions on the content of broadcasts on television and disseminated via the internet, the temporary suspension (blocking) of websites, social networks and internet applications, as well as the partial or complete restriction of internet access in the territory of Armenia during the martial law regime. CSOs working in the area of freedom of expression and access to information published a statement strongly criticising the amendments.⁶¹ The Armenian Human Rights Defender (Ombudsman) published a statement stating that the amendments could impose serious restrictions on human rights, particularly on freedom of expression and access to information.⁶² The Ministry of Justice noted that the draft will be revised taking into account the concerns raised.⁶³ As a result, the amendments have not been discussed further and are likely to be dismissed.⁶⁴

⁵⁸ Memorandum of Understanding, 19 April 2022, Yerevan,

https://www.moj.am/storage/files/news/news_5121033488291_Scan_2_.pdf.

⁵⁹ Quarterly report of CPFE on Situation with Freedom of Expression and Violations of Rights of Journalists and Media in Armenia (January-March, 2023), Committee to Protect Freedom of Expression, 21.04.2023,

<https://khosq.am/en/reports/quarterly-report-of-cpfe-on-situation-with-freedom-of-expression-and-violations-of-rights-of-journalists-and-media-in-armenia-january-march-2023/>.

⁶⁰ Draft laws on amendments and additions to the laws 'On the Legal Regime of Martial Law', 'On Defence', 'On Military Service and the Status of Military Servants' 'On Fundamentals of Administrative Action and Administrative Proceedings', Unified Website for Publication of Legal Acts' Drafts, <https://www.e-draft.am/en/projects/5186/about>.

⁶¹ Statement on the Restrictions Envisaged Under Martial Law, 12.01.2023, <https://mdi.am/en/archives/1631/>.

⁶² The opinion of the Human Rights Defender on the proposed amendments to the law 'On the Legal Regime of Martial Law', Human Rights Defender of the Republic of Armenia, 29.12.2022, <https://ombuds.am/am/site/ViewNews/2461>.

⁶³ Amendments are planned to the law on the legal regime of martial law, News, YouTube.com, 09.01.2023, <https://www.youtube.com/watch?v=46iQV4rpmzM>.

⁶⁴ Interview, August 2023.

2) Physical attacks on journalists were less frequent in 2023; however, lawsuits and fines imposed on media and journalists increased.

Fewer cases of physical violence towards media workers and journalists were reported in 2023 as compared to 2022. However, there are a high number of court cases against journalists on the grounds of defamation and insult, totalling 23 cases in the first half of the year (compared to 15 cases for the same period in 2022), mostly initiated by politicians and officials. In general, monitoring revealed 18 cases of various types of pressure in January-June 2023,⁶⁵ predominantly in the form of lawsuits on the grounds of defamation and insult, as well as a few cases of unfavourable treatment of journalists from media voicing opposition views.

A prominent court case in 2023 was a lawsuit brought by the then-Deputy Mayor of Yerevan (now the Mayor) against a media outlet and its journalist, demanding the highest compensation provided for in law for allegedly affecting his honour, dignity and business reputation. The courts accepted the lawsuit and placed a lien on property and bank accounts belonging to the journalist and the media outlet in the amount of 9 million AMD (around 22,500 EUR) each, without informing the defendants and giving them the opportunity to provide objections. This action was interpreted by media organisations as lacking proportionality and rationale, with the intention only to punish and exert pressure on the journalist and the media outlet.⁶⁶ The lien was removed after the Deputy Mayor's petition to the court.⁶⁷

During the pre-election campaign for the 2023 Yerevan city council in September 2023, the court put a lien of 1 million AMD (around 2,500 EUR) on 'Union of Informed Citizens' CSO after the ruling party filed a lawsuit against the organisation following its publication of an exposé on how the party recruits votes using support from other municipalities.⁶⁸ In November 2023, the court satisfied the motion of the CSO and removed the lien.⁶⁹

3) Citizens openly expressing criticism of high-ranking officials are subjected to controversial treatment, and there is a perception that law enforcement applies selective treatment towards the incidences of hate speech and calls to violence often appearing on social media.

Two noteworthy cases of high-ranking officials engaging with citizens after they expressed criticism were reported. First was a case in which a citizen called the Speaker of the National

⁶⁵ Quarterly report of CPFE on Situation with Freedom of Expression and Violations of Rights of Journalists and Media in Armenia (April-June, 2023), Committee to Protect Freedom of Expression, <https://khosq.am/en/reports/quarterly-report-of-cpfe-on-situation-with-freedom-of-expression-and-violations-of-rights-of-journalists-and-media-in-armenia-april-june-2023/>.

⁶⁶ Statement, Committee to Protect Freedom of Expression, 12.05.2023, <https://khosq.am/en/2023/05/12/statement-103/>.

⁶⁷ Avinyan petitioned to remove the embargo on the journalist's property and funds, Azatutyun.am, 16.05.2023, <https://www.azatutyun.am/a/32413820.html>.

⁶⁸ Joint statement of media organizations regarding the lawsuit of Civil Contract against 'Union of Informed Citizens' NGO, Public Journalism Club, 06.09.2023, <https://pjc.am/lragroghakan-kazmakerputyunneri-hamategh-haytararutyune-qp-n-enddem-hk-i-gortsi-veraberyal/>.

⁶⁹ Given the agreement of 'Civil Contract', the lien on the accounts of the Union of Informed Citizens was dismissed, Aravot.am, 27.11.2023, <https://www.aravot.am/2023/11/27/1385046>.

Assembly a ‘traitor’, following which the Speaker swore at and spat in the face of the individual, who was forcibly held by the Speaker’s bodyguards. The incident was widely discussed among the public and condemned by CSOs.⁷⁰ A similar case, in which an individual called the Prime Minister a ‘traitor’ in person took place later in the year, leading to charges against the individual on the grounds of hooliganism. Furthermore, a number of criminal proceedings were initiated against alleged cases of ‘hate speech’ and ‘calls to violence’ that appeared on social media. CSOs often find that in identifying and following up these cases, law enforcement officers rely on political reasons rather than a fair and consistent approach.⁷¹ Generally, experts find that a higher level of tolerance should be maintained towards criticism of public officials instead of applying punishment. At the same time, they note that a well-justified legal conclusion by the court on the actions of both sides would help to set a precedent and guide further actions of officials and public opinion in such situations.⁷² In addition, even though the Criminal Code sets liability for any public speech aimed at inciting or promoting hatred, discrimination, intolerance or enmity,⁷³ there is a need for further guidance on the definition of hate speech and differentiation between hate speech and freedom of expression. The Action Plan for 2023-2025 deriving from the National Strategy on Human Rights Protection includes specific activities in this direction.⁷⁴

Specific recommendations in this Area are as follows:

- That the Government maintains its commitment to consulting with CSOs and media organisations on media-related legislation in its early stages and applies a comprehensive approach to the media reforms based on the concept jointly developed with civil society; and
- That officials and other political actors demonstrate a higher level of tolerance towards criticism and consider applying to extrajudicial mechanisms (such as the Information Disputes Council or the Media Ethics Observatory), while law enforcement bodies apply a fair and indiscriminate approach when treating criminal cases on the basis of hate speech and calls to violence.

⁷⁰ CSOs’ Statement Demanding Examination of the Behavior of Alen Simonyan, the Speaker of the RA National Assembly, in the NA Ethics Committee, Transparency International Anticorruption Center, 05.04.2023 <https://transparency.am/en/media/news/article/4878>.

⁷¹ Interviews and focus group discussions, July-August 2023; Advisory Board meeting, November 2023.

⁷² Interviews, August 2023.

⁷³ RA Criminal Code, 05.05.2021, last amended 25.10.2023, <https://www.arlis.am/DocumentView.aspx?docid=185735>, Article 329.

⁷⁴ Action Plan for 2023-2025 Deriving from the National Strategy on Human Rights Protection, approved by the RA Government Decision N 1674-L ‘On changes and additions to the Decision of the Government of the Republic of Armenia N 1978-L adopted on December 26, 2019’, 28.09.2023

3.7 Right to Privacy

Overall score per area: **4.9 / 7**

Legislation: **5.8 / 7**

Practice: **3.9 / 7**

The right to privacy is protected by Armenian legislation, though there is a need for improvement taking into account modern technologies and related risks in relation to personal data management and security. Lack of oversight of the lawfulness of surveillance activities provides grounds for distrust towards the ability of the Government to protect the right to privacy in practice. In addition, there is a lack of awareness and capacity to manage personal data both among state servants and the public, with some gradual progress noted over the years. The scores in the area of Right to Privacy have not changed from 2022 and the recommendations on more careful handling of data to protect the right to privacy and ensuring that the legislation on surveillance activities is implemented in practice with transparent and accountable measures of oversight remain in place.

Key area findings:

- 1) The legislation guarantees the right to privacy and adequate protection against interference or attacks on privacy, though challenges in implementation persist.**

The Law on the Protection of Personal Data regulates the procedure and conditions for the handling of personal data and exercising state oversight of this data.⁷⁵ Although this Law contains enabling provisions in line with international law, its enforcement and remedy mechanisms are weak, thus in practice these provisions are hardly met, and instances of privacy violations take place with lack of accountability measures. Legal acts dealing with personal data issues are gradually being brought into compliance with the provisions of the Law on the Protection of Personal Data as all new legislative acts and amendments that might be relevant to personal data pass necessary examination. However, further revision and update of the legislation in line with current technological developments is needed. As in previous years, experts note that the representatives of government agencies and state institutions, as well as CSOs, lack relevant knowledge and skills, though some gradual progress is visible due to capacity building measures. For example, there are more instances in which state bodies recognise that a specific decision might have implications in terms of access to personal data and, as a result, consult with the Personal Data Protection Agency to develop protection measures.⁷⁶

- 2) Surveillance is regulated by law, yet there are still no transparent and accountable mechanisms for oversight of the process.**

⁷⁵ RA Law on the Protection of Personal Data, 18.05.2015, last amended 01.03.2023, <https://www.arlis.am/DocumentView.aspx?docid=175814>, Article 5.

⁷⁶ Interviews, August 2023.

Surveillance can be carried out only by a court decision, except for in urgent cases when a delay may lead to actions of terrorism or threaten state security. In such cases, the National Security Service (NSS) can carry out surveillance within a 48-hour period before a court decision is secured.⁷⁷ In practice, experts and CSOs are doubtful about the legitimate use of surveillance powers by the NSS and law enforcement bodies as there are no oversight and accountability mechanisms for surveillance activities, transparent investigations of data leaks, nor accountability towards civil society. An enquiry from a CSO that was sent to the NSS requesting a list of registries of personal data to which the NSS has access was rejected on grounds of state secrecy.⁷⁸

Specific recommendations in this Area are as follows:

- That the Government implements necessary measures for more careful handling of data to protect the right to privacy and exclude the possibility of any data leaks; and
- That the Government ensures that the legislation on surveillance activities is followed in practice, with transparent and accountable measures in case of non-compliance.

3.8 State Duty to Protect

Overall score per area: **4.5 / 7**

Legislation: **5.2 / 7** | Practice: **3.8 / 7**

CSOs are provided with legal mechanisms to protect their rights and present public interests in the courts on environmental issues and on the rights of people with disabilities. However, a number of complicated preconditions significantly restrict the exercise of this right in practice, particularly in the case of lawsuits on environmental issues. The Government plans to extend the right of a public organisation to represent public interests to other areas as well, as has been demanded by CSOs for many years.

The protection of CSOs and their affiliated persons is not sufficient. CSOs working in sensitive areas are subjected to harassment and threats. Several organisations and activists were engaged in lawsuits by third parties, which has negatively impacted their activities and resources.

The requirement to declare beneficial owners of legal entities has entered into force in 2023 for non-profit organisations. Many CSOs are not confident about the possible types of beneficial owners they have to declare. In addition, they incur additional costs if they need to report any changes in beneficial ownership data. Due to these challenges, as well as continuous attacks on CSOs working in sensitive areas, the scores in this area have deteriorated. Therefore, in addition to providing CSOs with the possibility to present public interest cases in the courts, it is recommended that fees for CSOs related to the

⁷⁷ RA Law on Operational Intelligence Activity, 22.10.2007, last amended 16.12.2022, <https://www.arlis.am/DocumentView.aspx?docid=185410>.

⁷⁸ Interview, August 2023.

beneficial ownership declaration requirement be abolished and that the state provides more effective protection for CSOs and activists.

Key area findings:

- 1) CSOs can present public interest cases in court only on matters of environmental protection and disability rights while the implementation of this right in practice is challenged.**

Public organisations can present public interest cases in court on matters of environmental protection and disability rights, if they comply with a number of requirements.⁷⁹ These requirements are considered as complicated (such as presenting evidence that the organisation has either participated in relevant consultations or was not given the opportunity to participate) and restrict the practical implementation of this right, particularly for ecological organisations.⁸⁰ In 2023, using the opportunity provided for by the law in 2022, a disability rights CSO applied to the courts to bring a public interest case concerning disability rights. According to the CSO representative, the application process was smooth and the court accepted the lawsuit on the basis of the presented eligibility documents.⁸¹

In accordance with the recommendations from CSOs discussed for many years, the Action Plan for 2023-2025 of the National Strategy on Human Rights Protection, initiated by the Ministry of Justice, plans to establish CSOs' right to appeal to the court on issues of public importance, taking into account the principle of *actio popularis*.⁸²

- 2) In recent years, CSOs and associated persons, especially those who work in sensitive areas, have been subjected to harassment, hate speech, and attacks.**

CSOs and activists engaged in human rights, environmental activism, and particularly those who work in the area of protecting LGBTQ+ persons, may face threats and harassment from third parties, and do not receive sufficient protection by law enforcement.⁸³ Several court processes were initiated by mining companies against environmental activists (mostly on the grounds of defamation and insult), which, according to CSOs, are aimed at silencing and stalling environmental protests. For example, in January 2023, Zangezour Copper-Molybdenum Combine CJSC filed a lawsuit against the eco-activist and journalist Tehmine

⁷⁹ RA Law on Public Organisations, 16.12.2016, Article 16; RA Administrative Procedure Code, 05.12.2013, last amended 26.06.2023, <https://www.arlis.am/DocumentView.aspx?docid=180732>, Article 216.6.

⁸⁰ In particular, in the case of environmental issues, the application should be based on the goals of the organisation as defined in its charter, the applicant should either have participated in public consultations related to the disputed subject or have not been given a chance to participate in public consultations and, finally, the applicant should have been active in the environmental protection area for at least two years before filing the application. The pre-conditions for protection of disability rights include the following: the protection of the rights of persons with disabilities is defined in the organisation's charter as the goal of the organisation; a simple majority of the organisation's members are persons with disabilities; and the organisation has been active in the field for at least two years prior to the moment of filing the lawsuit.

⁸¹ Communication with CSO representative, November 2023.

⁸² Action Plan for 2023-2025 Deriving from the National Strategy on Human Rights Protection, approved by the RA Government Decision N 1674-L 'On changes and additions to the Decision of the Government of the Republic of Armenia N 1978-L adopted on December 26, 2019', 28.09.2023.

⁸³ Interviews and focus group discussions, July-August 2023.

Yenokyan on grounds of defamation, demanding public refutation and compensation in the amount of 6 million AMD (around 15,000 EUR). The reason for the lawsuit was a publication on Facebook, of which Yenokyan was not the primary information source. This lawsuit followed payment of compensation by Yenokyan to another mining company based on a decision of the Court of Appeals in 2022, obliging her to pay 1,224,000 AMD (around 3,060 EUR) in compensation to the company.⁸⁴ Such cases have had the effect of discouraging citizens from participating in civic actions.⁸⁵

The Criminal Code that entered into force in July 2022 specifies ‘hatred, intolerance or hostility based on racial, national, ethnic, or social origin, religion, political or other views, or other personal or social circumstances’ as an aggravating condition for a number of offences.⁸⁶ The law does not specifically include sexual orientation and gender identity as a basis for additional protection. As in previous years, attacks on transgender and other LGBTQ+ persons continued, which has affected CSOs working in this area. After a transgender person was brutally killed in August 2023, participants of a candlelit vigil organised by a non-governmental organisation (NGO) called Right Side were attacked by assailants throwing eggs, bottles and stones. According to the NGO, the police officers present in the area did not intervene.⁸⁷ The draft Law on Ensuring Equality, discussed for several years, aiming to address discrimination and establish a Council of Equality to ensure protection for citizens from any type of discrimination, has not yet been adopted but is planned to be finalised in 2024.⁸⁸

CSOs note that the tensions around the situation in Artsakh have negatively affected the image of CSOs, as narratives about CSOs being involved in supporting the ‘surrender of Artsakh’ have been disseminated on social networks.⁸⁹ In December 2022, the court rejected a lawsuit by a human rights CSO aimed at demanding public refutation and compensation for defamation relating to a publication on the *antifake.am* website, in which a group of CSOs were accused of ‘serving foreign interests, bringing Nikol Pashinyan [the Prime Minister] to power, and supporting the handover of Artsakh.’ The Court of Appeals rejected the CSO’s appeal in 2023, though the Information Disputes Council (a non-formal advisory body of lawyers and media experts) stated that there had been a lack of effective judicial investigation and a failure to protect the CSO’s rights under the Constitution of Armenia.⁹⁰

⁸⁴ ‘NGOs warn of pressure on eco-activists in Armenia’, Panorama.am, 16.01.2023,

<https://www.panorama.am/en/news/2023/01/16/NGO-pressure-eco-activists/2781830>.

⁸⁵ Silencing a Movement, ArmEcoFront, 23 December 2022, https://www.youtube.com/watch?v=ays_nghWRwU.

⁸⁶ RA Criminal Code, 05.05.2021, last amended 25.10.2023, <https://www.arlis.am/DocumentView.aspx?docid=185735>.

⁸⁷ ‘Armenia: Attack against Right Side’s vigil held in memory of a murdered transgender woman in Yerevan’, Front Line Defenders, 25 August 2023, https://www.frontlinedefenders.org/sites/default/files/ua_armenia_right_side_250823_fv.pdf.

⁸⁸ Action Plan for 2023-2025 Deriving from the National Strategy on Human Rights Protection, approved by the RA Government Decision N 1674-L ‘On changes and additions to the Decision of the Government of the Republic of Armenia N 1978-L adopted on December 26, 2019’, 28.09.2023.

⁸⁹ Interviews and focus group discussions, July-August 2023.

⁹⁰ Case #95: ‘Vanadzor office of Helsinki Civic Assembly’ NGO against ‘Antifake.am’ website, Information Disputes Council, 15.08.2023, <https://idcarmenia.am/conclusion/95/>.

3) CSOs face uncertainty and additional burden from amendments to AML/CTF legislation.

The amendments adopted in 2021 to the anti-money laundering/counter-terrorism financing (AML/CTF) legislation introduced a requirement for all legal persons to register their UBOs. The entry into force of these amendments for CSOs started in 2023 (see also Area I: Freedom of Association).⁹¹ Some CSOs have expressed uncertainty on what information they should provide, as well as a lack of sufficient understanding of the term ‘real beneficiaries’ (used in Armenian legislation to denote the concept of beneficial owners). They consider the term confusing and are unsure whether it refers to their beneficiaries, members of their governing bodies and/or founders. Some CSOs mention that their founders are not always accessible, as they may have left the organisation, the country, or even be deceased.⁹²

The declaration of UBOs is free of charge the first time that it is submitted, as is the confirmation of UBO data required to be submitted each year. However, to register changes to data relating to UBOs, legal entities are required to pay 10,000 AMD (25 EUR), which can become a disproportionate burden for CSOs.

Specific recommendations in this Area are as follows:

- That the National Assembly makes the necessary legislative changes to expand the possibilities for CSOs to represent public interests in the courts on cases within the scope of their goals and ensures that they can use this right in practice through alleviating any excessive requirements and related bureaucratic procedures;
- That the state provides adequate protection from harassment and attacks targeting CSOs, including through establishing an anti-discrimination body, issuing public statements, and ensuring proper investigation of attacks against CSOs and activists within a reasonable timeframe, as well as through taking legislative and practical measures against SLAPPs; and
- That the Ministry of Justice and the State Register annul the fees for updating UBO information for CSOs.

⁹¹ Amendments to the RA Law on State Registration of Legal Entities, Separate Subdivisions of Legal Entities, Institutions and Private Entrepreneurs, 03.06.2021, <https://www.arlis.am/documentview.aspx?docid=153756>.

⁹² Focus group discussions, July-August 2023.

3.9 State Support

Overall score per area: **4.1 / 7**

Legislation: **4.3 / 7**

Practice: **3.9 / 7**

State funding is allocated to CSOs by several ministries, mostly through competitive grant provision mechanisms set by the governmental procedure on providing state subsidies and grants to legal entities. As a rule, most state funding is provided for social, educational, cultural and sport projects. The electronic platform of state procurements is used for submitting grant applications; CSOs find the platform complicated and to contain technical problems, however. In 2023, the Ministry of Finance initiated development of a modernised platform for public procurements, which will include a special module for grant applications.

In contrast to state bodies, local governments provide limited funding to CSOs, often on a discretionary basis, without any monitoring and accountability of the funded initiatives.

CSOs enjoy tax exemptions for the goods, work and services provided by them free of charge, as well as for charitable projects. Charitable status is provided for eligible projects on the basis of government decisions and requires a long and complicated procedure. There are no tax benefits for economic activities of CSOs and for individual donors, while corporate donor benefits are limited. In 2023, CSOs initiated a dialogue with the authorities regarding the issues of grant taxation and tax incentives for charitable activities and donations.

An improvement was reported in the legislation score of the area due to the adoption of the Law on Volunteer Work, which regulates the concept of volunteering and protects the rights of volunteers. The recommendations from previous years on improving transparent and competitive mechanisms for state and local budget funding and creating a more favourable tax environment for CSOs and their donors remain in place.

Key area findings:

- 1) State funding at the national level is provided mostly on a competitive basis through an electronic platform, but CSOs find this platform complicated.**

The funding provided to CSOs by state bodies is predominantly in the form of grants for a one-year period based on the annual budget of the grant-giving body. The Electronic Public Procurement System at www.armeps.am is used for submitting grant applications and publishing information about grant contracts. Though the platform was expected to ensure transparency and save time and resources needed for handling hard copies (especially for regional organisations), many CSOs find the platform complicated, burdensome, and replete with technical terminology and requirements that can practically only be dealt with by procurement specialists.⁹³ Several CSOs that participated in the focus group discussions mentioned that they could not apply for state grants due to the complexity of the process, or

⁹³ Interviews and focus group discussions, July-August 2023.

had technical issues when submitting documentation which resulted in non-consideration of their proposals.⁹⁴ The Ministry of Finance has initiated development of a new electronic platform for public procurement, envisaging a special module for grant competitions which will resolve a number of current technical issues. CSOs have been consulted on the draft Terms of Reference.⁹⁵

2) Tax legislation is generally not favourable for CSOs, although they do enjoy a few benefits.

In 2023, CSOs engaged in dialogue with the Government, particularly the Office of the Prime Minister and the Ministry of Finance, to raise their concerns regarding the treatment of grant income as subject to VAT and to find possible solutions.⁹⁶ According to the Tax Code, assets, works, and services received free of charge by non-profit organisations are not profit taxed. However, non-profit organisations are obliged to charge VAT on their goods and services in instances where their annual turnover from all types of activities exceeds 115 million AMD (around 287,500 EUR). At the same time, the Tax Code specifies that activities funded by grants are also considered as the performance of works and/or services and may therefore be subject to VAT.⁹⁷

The law provides for VAT exemption on the supply of goods, performance of works and/or the provision of services only in the context of subsidies, subvention or grant projects that are provided in the framework of intergovernmental agreements, or in cases where the exemption is given by decision of the Government or the relevant government commission. The gratuitous supply of goods, the performance of works and/or provision of services by public, charitable and religious organisations, and other specific educational and social services, is not taxed.⁹⁸

3) In 2023, CSOs advocated for better tax incentives for charitable contributions as the existing tax benefits are insufficient for stimulating large and frequent donations.

Due to negotiations initiated by NGO Center, the Government engaged in dialogue on tax exemptions for charity donations and members of parliament committed to initiating legislative amendments addressing the issues raised.⁹⁹ Currently, there is only one measure that provides tax benefits for corporate donations which is assets, work or services provided

⁹⁴ Interviews and focus group discussions, July-August 2023.

⁹⁵ A public discussion of the technical task draft of the e-procurement system was held, Ministry of Finance of the Republic of Armenia, 19.05.2023, https://minfin.am/en/content/a_public_discussion_of_the_technical_task_draft_of_the_e-procurement_system_was_held/.

⁹⁶ A consultation on problems related to taxation and auditing of civil society organisations was held chaired by Araik Harutyunyan. Government of the Republic of Armenia, 07.08.2023, <https://www.gov.am/am/news/item/15601/>.

⁹⁷ RA Tax Code, 04.10.2016.

⁹⁸ RA Tax Code, 04.10.2016.

⁹⁹ Representatives of NGOs develop a document in order to record and coordinate problems of charity sector, which they present to opposition MPs, National Assembly of the Republic of Armenia, 13.07.2023;

http://www.parliament.am/news.php?cat_id=2&NewsID=19152&year=2023&month=07&day=13&lang=eng: ___

A culture of charity should be formed in Armenia: Working discussion on problems in sector, National Assembly of the Republic of Armenia, 13.11.2023,

http://www.parliament.am/news.php?cat_id=2&NewsID=19614&year=2023&month=11&day=13&lang=eng.

to non-profit organisations are deductible from the taxable base of profit taxpayers. However, not more than 0.25 per cent of the gross income in the reporting year can be deducted.¹⁰⁰ In-kind donations to CSOs from companies are taxed with VAT (if there is no special government decision on VAT exemption), with the tax calculation base accounting for eighty per cent of the value of the donated assets.¹⁰¹

4) A law on volunteering has been adopted in 2023, with most of the provisions being beneficial for CSOs and volunteers.

There was no clear legal definition of volunteering, or incentives to do so, in Armenia for many years. Starting in 2017, the Ministry of Labour and Social Affairs developed several drafts of a law on volunteering, which were actively discussed with CSOs.¹⁰² After several revisions and public hearings of the draft, the National Assembly adopted the Law on Volunteer Work in June 2023¹⁰³ and it entered into force in October 2023. With the adoption of the Law, the legal basis of volunteering and volunteer status, the right to reimbursement of additional expenses arising from volunteer work, health and safety guarantees and other provisions are established to ensure the protection of the rights of volunteers. Based on TIAC's recommendations, the prohibition on the engagement of volunteers in entrepreneurial activities, present in all previous legal drafts, was removed in the final version of the Law.

A provision of the new Law that is still considered problematic is that only a person that has signed a volunteer work agreement with the relevant organisation can be considered a volunteer. According to the Law, voluntary work that is performed in the absence of such an agreement is considered illegal and the organisation can be subject to a fine. At the same time, the adopted Law includes a definition of 'one-time action' and indicates that signing a volunteer work agreement is not mandatory in instances of participation in such action, as well as in cases when voluntary work is not performed through an organisation.¹⁰⁴

Specific recommendations in this Area are as follows:

- That the Government ensures transparent, competitive and accountable funding allocation at both the national and local levels, including through modernising the electronic platform for grants to ensure its smooth and effective use; and
- That the National Assembly and the Government, particularly the Ministry of Finance, create a more favourable tax environment to improve CSOs' possibilities to seek funding

¹⁰⁰ RA Tax Code, 04.10.2016, Article 123.

¹⁰¹ RA Tax Code, 04.10.2016, Article 62.

¹⁰² RA Draft Law on Volunteerism and Volunteer Work, Unified Website for Publication of Legal Acts' Drafts, <https://www.e-draft.am/projects/2516>.

¹⁰³ RA Law 'On Volunteer Work', 14.06.2023, <https://www.arlis.am/DocumentView.aspx?DocID=18026>.

¹⁰⁴ For more information, see: Armenia: New law 'On Volunteer Work' adopted, CSO Meter, 08.08.2023, <https://csometer.info/updates/armenia-new-law-volunteer-work-adopted>; Supporting And Protecting Volunteer Work in Armenia, European Center for Not-For-Profit Law, <https://ecnl.org/impact-story/supporting-and-protecting-volunteer-work-armenia>.

and in-kind support from diverse sources, including from individual and business donations and direct entrepreneurship activities. In particular:

- Simplify the procedures for charity tax exemptions to allow timely and efficient transactions to be made for charitable purposes;
- Provide more beneficial taxation schemes for CSOs engaged in economic activities to encourage their efforts towards self-sustainability; and
- Provide meaningful tax deductions for individual and business donations and dismiss the VAT taxation requirement for in-kind donations to CSOs.

3.10 State-CSO Cooperation

Overall score per area: **4.0 / 7**

Legislation: **4.3 / 7** | Practice: **3.6 / 7**

There is no specific policy or strategy on CSO development or state-CSO cooperation. Cooperation between the state and CSOs is covered by the legislation on participation in policymaking and government decisions on the set-up and activities of various consultative bodies and joint groups. Further, the importance of collaboration with and engagement of CSOs is reflected in various national plans and strategies. Based on TIAC's negotiations with the Government, discussions around specific aspects of the CSO enabling environment were organised by the Office of the Prime Minister in 2023.

The Public Council provided for by the Constitution as an advisory body to the Government has not been active in recent years. Despite this, the Government initiated legislative amendments in 2023 to assign new functions to this body. The functionality and effectiveness of public councils and other consultative bodies established in public institutions varies. In 2023, a decline was noticed in the activity of public councils of the ministries, while challenges related to their transparency and impact on decision-making remain.

The overall score in the area of State-CSO Cooperation remained the same as in 2022. The recommendation from the previous CSO Meter report on the development and implementation of a comprehensive roadmap or strategy on cooperation with the civil society sector was revised based on the Government's suggestion to organise targeted discussions on specific issues relating to the CSO enabling environment. Other recommendations regarding full utilisation of the potential of consultative bodies and working group formats remain in place.

Key area findings:

- 1) ***State-CSO cooperation is not regulated by any policy or strategy in Armenia; the Public Reform Strategy Implementation Roadmap 2023-2025 plans for institutional measures promoting public participation in state bodies.***

Although there is no specific policy or strategy on state-CSO cooperation, provisions on government collaboration with CSOs are included in the various national strategies and

legislation regulating the establishment and activities of multi-stakeholder committees and joint working groups. The roadmap for implementation of the Public Administration Reform Strategy in 2023-2025 and a results framework for the Strategy (adopted in August 2023) set out provisions on the formation of an institutional mechanism for the monitoring and maintenance of participatory management procedures, for advancing online and offline tools for participatory governance and indicators on improving public awareness on reforms and input in policymaking.¹⁰⁵

Following the findings of the CSO Meter, TIAC, in cooperation with other Armenian CSOs, continued discussions with government agencies regarding the draft roadmap on improving the CSO enabling environment. Based on the agreement with the Government, the discussions continue around specific elements of the roadmap. In 2023, the Office of the Prime Minister initiated meetings around the problems and recommendations outlined in the draft roadmap regarding public participation and CSO taxation and audit.¹⁰⁶

2) Consultative bodies are provided for in legislation but are often not operational.

The Armenian Constitution includes a provision on the establishment of a Public Council as an advisory body to the Government.¹⁰⁷ The functions of this Council include representing the interests of different sections of society in policymaking and implementation, facilitating civil society participation in public administration processes, and gauging public opinion on issues of public interest.¹⁰⁸ In practice, no information on Public Council activities is available following the resignation of the chairman in June 2021.¹⁰⁹

In August 2023, the Ministry of Justice presented amendments to the Law on the Public Council, proposing the creation of a fact-finding commission to investigate human rights violations that may have taken place as a result of events from September 1991 up to 2022.¹¹⁰ CSOs have criticised the amendments, noting that the proposed nature of the fact-finding commission will lend it neither the public credibility and the guarantee of independence necessary to ensure the impartiality and objectivity of its activities, nor the mandate to effectively implement the tasks set.¹¹¹

¹⁰⁵ RA Government Decision N 1367-L on Amendments to the RA Government Decision N 691-L of Mat 13, 2022, 11.08.2023, <https://www.arlis.am/DocumentView.aspx?docid=181429>.

¹⁰⁶ Arayik Harutyunyan chairs the consultation on 'Participatory Governance', The Government of the Republic of Armenia, 21.04.2023, <https://www.gov.am/en/news/item/10304/>; A consultation on problems related to taxation and auditing of civil society organisations was held chaired by Arayik Harutyunyan. Government of the Republic of Armenia, <https://www.gov.am/am/news/item/15601/>.

¹⁰⁷ Constitution of the Republic of Armenia, 05.07.1995, amended on 06.12.2015, Article 161.

¹⁰⁸ RA Law on Public Council, 07.03.2018, last amended 09.06.2022, <https://www.arlis.am/DocumentView.aspx?docid=165007>, Article 2.

¹⁰⁹ Public Council of the Republic of Armenia, <https://publiccouncil.am/>.

¹¹⁰ Draft Law on Amendments to the Law 'On Public Council', Unified Website for Publication of Legal Acts' Drafts, <https://www.e-draft.am/projects/6153/about>.

¹¹¹ Opinion on the initiative to create a fact-finding commission attached to the Public Council, Transparency International Anticorruption Center, 11.09.2023, <https://transparency.am/hy/media/news/article/4977>.

Public councils adjunct to the ministers were set up starting in 2016.¹¹² According to the standard rules of procedure (which are adopted by the government ministries and regulate principles of public council member selection, meeting regularity, and transparency of operation), the councils have to be established in a transparent manner and meet at least on a quarterly basis. In practice, according to information published on the government ministries' official websites, in 2023, as of August, meetings of public councils had been convened in only three out of twelve ministries, and with only one meeting taking place in two of them.¹¹³ The ministries often fail to publish timely and complete information on the activities of the councils in accordance with the standard rules. Further, there is an absence of feedback mechanisms that would allow the impact of council members' input in decision-making to be assessed.¹¹⁴ A major challenge restricting the participation of some CSOs in public councils is the difficulty regional organisations face in attending them, as the meetings are held in Yerevan with no possibility to join through online channels and no funding provided for travel expenses.

Other area-specific councils and committees have been established in recent years by decision of the Prime Minister, or by ministries and other government agencies, as well as by the Human Rights Defender of Armenia. The operation and effectiveness of these councils varies depending on the governing body and the proactiveness of the CSOs involved. The Council on Constitutional Reforms, established by prime ministerial decree in 2022, includes three CSO representatives as voting members and has convened regular meetings in 2023 with online livestreams accessible to the public.¹¹⁵ Multi-stakeholder working groups that have been set up as part of international initiatives to ensure the commitment to participatory practices are mostly operational.¹¹⁶ Joint working groups are also formed on an ad hoc basis around specific legal drafts or the development and implementation of strategies and allow for participation on a collaborative basis. A new working group created by prime ministerial decree to develop the Anti-Corruption Strategy and its Action Plan for 2023-2026¹¹⁷ included five CSOs and met several times throughout 2023 to finalise the draft Strategy.

¹¹² RA Government Decision No. 337-N 'On Amendments and Additions to a Number of Decisions by the Government of the Republic of Armenia', 31.03.2016; RA Government Decision No. 1552-L 'On Amendment to the Decision No. 624-L of the Government of the Republic of Armenia dated May 22, 2018', 27.12.2018, <https://www.e-gov.am/gov-decrees/item/31320/>.

¹¹³ Source: official websites of 12 ministries, listed on the website of the Government of the Republic of Armenia, <https://www.gov.am/en/structure/>.

¹¹⁴ Interviews, August 2023.

¹¹⁵ Ministry of Justice of Armenia, <https://moj.am/en/news>, <https://www.facebook.com/watch/mojarmenia/>.

¹¹⁶ MSG Composition, Extractive Industries Transparency Initiative (EITI) Armenia, <https://www.eiti.am/en/MSG-composition/>; Group Members, Open Government Partnership Armenia, <https://ogp.gov.am/en/about-the-group/>.

¹¹⁷ The inaugural session of the anti-corruption strategy working group took place. Deputy Minister Karen Karapetyan discussed the vision of the main directions of the strategy, Ministry of Justice of the Republic of Armenia, 06.03.2023, <https://moj.am/en/article/3525>.

Regarding consultative bodies under regional and local government bodies, CSOs mention that in most cases these bodies are not functional, or hold meetings only occasionally with no enforcement mechanisms to take into account CSOs' input and proposals.¹¹⁸

Specific recommendations in this Area are as follows:

- That the Government implements measures aimed at improving the enabling environment for civil society through joint work with CSOs and international organisations;
- That state bodies fully and effectively utilise the potential of consultative bodies, organising regular meetings as required by law, with the possibility for distance participation, improving their transparency, allowing a larger scope of powers in decision-making processes and providing effective feedback mechanisms; and
- That the National Assembly and the Government increase the practice of using the joint working group format as an effective tool for participatory development and implementation of policies.

3.11 Digital Rights

Overall score per area: **4.5 / 7**

Legislation: **4.9 / 7**

Practice: **4.0 / 7**

The protection of digital rights is provided by regulations covering freedom of expression, right to privacy, freedom of information, and other relevant legislation. Use of technology for surveillance purposes is properly regulated by law and restricted for a narrow set of purposes. However, evidence suggests that unlawful surveillance of phone and electronic communications takes place in practice.

Social media companies freely operate in Armenia. A number of digital platforms are established to facilitate access to government-held information, provide participation opportunities, and allow the possibility of submitting electronic enquiries and complaints.

The Government continues the implementation of the Digitalisation Strategy and Action Plan for 2021-2025. In addition, a number of steps towards better media literacy, internet accessibility, and the promotion of digital standards have taken place in 2023, and this addresses one of the recommendations of the CSO Meter 2022. However, the overall score for the area of Digital Rights has not changed from 2022. The recommendations on the lawful usage of surveillance technologies remain in place, and a new recommendation has been added calling on the Government to tackle cybersecurity issues and provide protection against unlawful spyware.

¹¹⁸ Focus group discussions, July-August 2023.

Key area findings:

1) The state limits how surveillance technology can be used, yet CSOs are concerned about the lawfulness of surveillance.

The Armenian Constitution and relevant laws guarantee the secrecy of correspondence, telephone conversations and other means of communication, with a narrow framework for restrictions. The secrecy of communication may be restricted only by court decision, except where it is necessary for the protection of state security and is conditioned by the particular status of communicators prescribed by law.¹¹⁹ If there is evidence suggesting that a person has committed an alleged crime, investigators can request information about details of this person's electronic communications with the approval of a supervising prosecutor.¹²⁰ This possibility raises certain concerns for civil society and information security professionals in terms of illegitimate or disproportionate interference with the privacy of a person, including freedom of communication and online anonymity, carried out without judicial oversight.¹²¹

CSOs and some experts noted that they do not exclude the possibility of unlawful surveillance by law enforcement and the NSS. In addition, evidence of the use of spyware by both government and non-Armenian actors has been reported. In 2022, Google confirmed the use of 'Predator' spyware by the Armenian Government.¹²² In 2023, a joint investigation by organisations and experts in the area of digital rights revealed hacking of Armenian journalists and CSO activists by 'Pegasus' spyware, with evidence suggesting that the Government of Azerbaijan is a customer of this spyware.¹²³ In a statement reflecting on these cases, Amnesty International called for a ban on highly invasive spyware.¹²⁴ In addition, a number of incidents of website hacking from outside of the country were reported, including against media and human rights organisations' websites.¹²⁵ However, the Government did not provide any response or initiate transparent measures to improve digital protection or protect cybersecurity for state and non-state organisations and representatives.

2) A draft law initiated by the Government planned several restrictions on digital rights but was further discontinued.

Draft amendments to the Law on the Legal Regime of Martial Law, initiated in December 2022 by the Ministry of Justice, allowed for restrictions on content broadcast on television

¹¹⁹ RA Constitution, amended on 06.12.2015, Article 33.

¹²⁰ RA Criminal Procedure Code, 30.06.2021, last updated: 26.06.2023, <https://www.arlis.am/DocumentView.aspx?docid=180734>, Article 232.

¹²¹ Gevorg Hayrapetyan, The Right to Online Anonymity in Armenia, Media Diversity Institute, Yerevan, 2023, https://mdi.am/wp-content/uploads/2023/06/The_Right_to_Online_Anonymity_G.Hayrapetyan_ENG.pdf.

¹²² Protecting Android users from 0-Day attacks, Updates from Threat Analysis Group (TAG), 19.05.2022, <https://blog.google/threat-analysis-group/protecting-android-users-from-0-day-attacks/>.

¹²³ Hacking in a war zone: Pegasus spyware in the Azerbaijan-Armenia conflict, 25.05.2023, <https://www.accessnow.org/publication/armenia-spyware-victims-pegasus-hacking-in-war/>.

¹²⁴ Armenia/Azerbaijan: Pegasus spyware targeted Armenian public figures amid conflict, 25.05.2023, <https://www.amnesty.org/en/latest/news/2023/05/armenia-azerbaijan-pegasus-spyware-targeted-armenian-public-figures-amid-conflict/>.

¹²⁵ Freedom on the Net 2023: Armenia, Freedom House, <https://freedomhouse.org/country/armenia/freedom-net/2023>.

and disseminated via the internet, the temporary suspension (blocking) of websites, social networks, internet applications, as well as the partial or complete restriction of internet access in Armenia based on necessity during a regime of martial law.¹²⁶ Following numerous critical statements by CSOs and other organisations and in-person discussion with stakeholders, the Government did not proceed with discussion of the amendments. In practice, no blocking of websites was reported in 2023.

3) The Government, in cooperation with area experts and CSOs, implements a number of institutional measures and activities to promote digitalisation and digital literacy.

Armenia's Digitalisation Strategy and Action Plan for 2021-2025 envisages a number of measures for the digital transformation of the Government, the economy, and society.¹²⁷ In 2023, in the framework of its implementation, a Guide to Digitalisation of Public Services and the Digitalisation Standards¹²⁸ were developed and published by the Ministry of High-Tech Industry together with the Information Systems Management Council and the Armenian Information Systems Agency, both founded by the Government in 2022. In March 2023, the Ministry of Education, Science, Culture and Sports approved the educational standards of the new school subject 'Digital Literacy and Computer Science'.¹²⁹ The Ministry actively collaborated with the Media Initiatives Center NGO in the development of the standards and follow-up activities.¹³⁰

A number of fact-checking initiatives have been implemented by CSOs to minimize the sharing of false news and to raise public awareness on the practices of identifying disinformation.¹³¹ Online databases of digital information and platforms have been created by CSOs to facilitate the search of available open information and access to e-government services and other digital resources.¹³² CSOs also continue digital rights education and media literacy initiatives and projects aimed at addressing the current gaps in public awareness and media literacy.

Specific recommendations in this Area are as follows:

- That the Government provides necessary measures to improve cybersecurity and protect against unlawful spyware; and

¹²⁶ Draft laws on amendments and additions to the laws 'On the Legal Regime of Martial Law', 'On Defence', 'On Military Service and the Status of Military Servants' 'On Fundamentals of Administrative Action and Administrative Proceedings', Unified Website for Publication of Legal Acts' Drafts, <https://www.e-draft.am/en/projects/5186/about>.

¹²⁷ RA Government Decision No. 183-L 'On approval of Armenia's digitalisation strategy, its activities' programme and results indicators', 11.02.2021, <https://www.arlis.am/DocumentView.aspx?DocID=149957>.

¹²⁸ Digitization guide: How to create services in line with Digitization Standards, <https://standards.hightech.gov.am/>.

¹²⁹ Order of the Ministry of Education, Science, Culture and Sports of the Republic of Armenia No 30-N 'On approval of the educational standards of the subject 'Digital Literacy and Computer Science' for grades 2-12 of public educational establishments', 30.03.2023, <https://www.arlis.am/DocumentView.aspx?docid=176072>.

¹³⁰ Media Literacy, Media Initiatives Center, <https://mediainitiatives.am/en/medialiteracy/>.

¹³¹ See, for example, Fact Investigation Platform (FIP), Union of Informed Citizens, <https://fip.am/en/>; Fact Radar, Public Journalism Club, <https://pjc.am/landing/?lang=en>. Verified, media.am, <https://media.am/hy/category/verified/>, InFact Facebook group by Investigative Journalists NGO, <https://www.facebook.com/groups/pastatsi/>.

¹³² Open Source Platform, E-resource catalogue of Armenia, Digital Armenia, <https://www.digital-armenia.am/en>.

- Law enforcement should ensure the lawful usage of surveillance technologies and provide proper monitoring and investigation of personal data leaks.

IV. KEY PRIORITIES

Overall, there was no significant change in the CSO environment in Armenia in 2023 as compared to 2022. However, based on the priorities identified by CSOs and experts, specific achievements and issues highlighted in the report need particular attention.

The area of Right to Participation in Decision-Making reported an improvement due to the measures planned by national strategies. Nevertheless, the implementation of these measures is yet to be seen, while the lack of institutional mechanisms for mandatory public consultations in the National Assembly and meaningful participation at the national and local levels needs to be addressed. Lack of effective participation mechanisms in the early stages of policymaking have led to negative outcomes, including the development and adoption of restrictive draft laws in 2023 regarding access to information, freedom of expression, and digital rights.

An improvement has been noted in the legislation of the area of State Support due to the adoption of the Law on Volunteer Work. However, there was no progress in this area in terms of state funding or a more enabling tax environment for CSOs and donors. The interpretation of grants as revenues received in return for services imposes more challenges in the context of the tax environment and has led to a deterioration in the area of Access to Funding.

In the area of Digital Rights, the recommendations on improving measures towards media literacy and tackling disinformation that will positively affect digital rights protection have been partly addressed, but the concerns relating to cybersecurity and undue surveillance remain in place. Insufficient protection from spyware is a major issue in this area, while the protection of CSOs and activists from third-party attacks and discrimination remains a priority in the area of State Duty to Protect.

In light of this, the following seven recommendations out of total number of 29 recommendations in 11 areas are identified as key priorities:

1. That the Ministry of Finance provides the definition of 'grant' in accordance with best international practices and in consultation with CSOs and does not treat grant projects or other non-profit activities as economic activities;
2. That the state utilises the available institutional mechanisms of participation and ensures meaningful participation through engaging CSOs in the early stages of policy development, addresses the drawbacks of the e-draft platform, provides sufficient time for consultations, organises more frequent face-to-face consultations (including

in the regions), maintains statistics on participation activities and the incorporation of comments by state bodies, and considers and incorporates well-founded and evidence-based suggestions to the maximum possible extent;

3. That the National Assembly establishes mechanisms for mandatory public consultation on draft legislation produced by members of parliament and for CSO engagement in the early stages of legal drafts;
4. That the National Assembly makes the necessary legislative changes to expand the possibilities for CSOs to represent public interests in the courts on cases within the scope of their goals and ensures that they can use this right in practice through alleviating any excessive requirements and related bureaucratic procedures;
5. That the state provides adequate protection from harassment and attacks targeting CSOs, including through establishing an anti-discrimination body, issuing public statements, and ensuring proper investigation of attacks against CSOs and activists within a reasonable timeframe, as well as through taking legislative and practical measures against SLAPPs;
6. That the National Assembly and the Government, particularly the Ministry of Finance, create a more favourable tax environment to improve CSOs' possibilities to seek funding and in-kind support from diverse sources, including from individual and business donations and direct entrepreneurship activities, particularly via: simplifying the procedures for charity tax exemptions; providing more beneficial taxation schemes for CSOs engaged in economic activities; providing meaningful tax deductions for individual and business donations; and dismissing the VAT taxation for in-kind donations to CSOs; and
7. That the Government provides necessary measures to improve cybersecurity and protect against unlawful spyware.

V. METHODOLOGY

The CSO Meter supports regular and consistent monitoring of the environment in which CSOs operate in the Eastern Partnership (EaP) countries. It consists of a set of standards and indicators in eleven different areas to measure both law and practice. It is based on international standards and best practices. The CSO Meter was developed by a core group of experts from ECNL and local partners from the six EaP countries.

ECNL has worked with the methodology experts RESIS since 2020 on adapting the CSO Meter methodology package to enable both qualitative and quantitative comparisons of the different areas of the enabling environment across the EaP countries and relevant years. The proposal for the model was consulted on and tested with the extended regional CSO Meter Hub via email and online events. With the updated comparison model, we aim to (i) assess the environment for civil society in each of the eleven areas; (ii) enable tracking of developments/progress throughout the relevant years country by country; and (iii) compare the CSO environments regionally.

The country partners, which, together with other CSOs are part of the CSO Meter Hub, conducted the monitoring process and drafted the narrative country report. They also established an Advisory Board in each country, composed of expert representatives of key local stakeholders. The members of the boards have two main tasks: to review the narrative reports and to assign scores for every Standard based on the narrative reports.

This current report covers the period from January to November 2023.

Monitoring process

The monitoring process in Armenia has been conducted through qualitative methods, including desk research, interviews and focus group discussions. The desk research covered relevant legislation, available reports in the area, media and CSO publications, and state responses to enquires. CSO Meter Hub members were consulted through the report writing process. Eleven experts and CSO representatives were interviewed.

Three online focus group discussions were conducted with the participation of twenty-three Yerevan-based and regionally-based CSOs engaged in the social, educational, youth, environmental, human rights, capacity-building, community development and other areas of activity. The opinions presented by the experts and CSOs who participated in the research are not fully representative and cannot cover all of the challenges and achievements of the relevant CSO environment. However, the issues presented by the monitoring participants reflect the major developments in the CSO environment in Armenia, complemented by the findings from various reports and analyses.

The draft country narrative report was reviewed by the Advisory Board members in Armenia via online communication and at the in-person meeting held in November 2023. Based on the recommendations of the Advisory Board members, the findings and recommendations were further revised and finalised.

Scoring process

The country researchers and 10 Advisory Board members in Armenia assessed each **Standard of the eleven areas of the CSO Meter tool in Legislation and in Practice**. For the scoring procedure, a 7-point scale is used. The final score of each standard was then calculated according to a formula in which the researchers score participates with 50 per cent, and the Advisory Board members' average score with 50 per cent. The score of each area is then calculated as the average value of the final scores of each standard and calculated and rounded with one decimal for presentation purposes.

The extreme values of the scale are conceived as the extreme/ideal situation or environment. For example, (1) is an extremely unfavourable (authoritarian) environment for civil society, while (7) is an extremely favourable (ideal democratic) environment for CSOs. For more information on the CSO Meter tool, the scoring process and its calculation please visit: <https://csometer.info/>.

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