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**COMMUNITY-BASED ORGANIZATIONS:
STRATEGIES FOR SUSTAINABILITY¹**

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¹ This paper is based on the author's experience and observations during her work in the Eurasia Foundation, a privately managed institution established in 1993 to promote the development of democratic and free-market institutions in the 12 New Independent States (NIS) of the former Soviet Union. The Eurasia Foundation pursues its objectives primarily through a small grants program, which enables it to respond quickly and flexibly to the needs of NIS organizations. Significant funding for the Eurasia Foundation comes from the United States Agency for International Development (USAID), with additional support from other governments, foundations, corporations and individuals.

During Armenia's national conference on sustainable models of community-based organizations (CBOs), held in April 2004², discussion focused on a cluster of problems affecting CBOs' sustainability, including inadequate legislation and a lack of support for the income-generating activities of non-governmental organizations (NGOs) and CBOs. Other obstacles impeding the financial and organizational sustainability of CBOs also were identified, among them the lack of access to information, the shortage of critical skills and capacities and the poor level of services provided by NGOs and CBOs to communities.

Armenian legislation has failed to provide NGOs with the opportunities they need to procure adequate funding. According to recent data, 70% of Armenian NGOs think existing legislation does not adequately support their efforts to achieve financial sustainability³. Only 18% are happy with current legislation, and 64% want to change it. Although Armenian law grants the right "to establish commercial organizations or participate in such organizations"⁴, NGOs rarely use this opportunity. They are inhibited because commercial companies that are established by NGOs and generate profits to support organizational activities do not have any tax privileges and sometimes cannot compete with other businesses.

Without government support, the only sources of funding for community organizations are membership fees, grants and donations⁵. However, membership fees are kept low so as to be affordable, and while grants provide temporary support, they are not sufficient to ensure long-term sustainability. Donations are unpredictable and cannot be considered a reliable source of funding.

Therefore, Armenian NGOs, and particularly CBOs, need to be flexible and look for other options to achieve their organizational and financial sustainability. At the 2004 national conference, some participants cited the lack of partnership and collaboration among CBOs, local government and other community constituents (e.g., the local business community) as one of the major barriers to sustainability. This paper examines that issue in detail.

Outlined below are several case studies describing the efforts of Armenian CBOs to achieve sustainability by tapping into existing resources through partnerships with local governments.

Since the onset of democratic changes in Armenia, local authorities have been considered the opponents of newly-formed civil-society organizations. This clash has been due, in large part, to outdated soviet-style management, thriving corruption, conflicts of interests, misuse of local resources and low-level professionalism among municipal employees. However, this situation has been slowly changing as a result of local government reforms and, to a greater extent, the efforts of international-development agencies and local NGOs. Local authorities have become more transparent, effective and cooperative. At the same time, Armenians have started to adopt democratic values, such as public participation in decision making and transparency in local-government activities, as well as more detailed accounting of local budgetary spending.

² The conference was funded by the Eurasia Foundation. For details, see www.eurasia.am.

³ Blue R., Ghazaryan Yu., Armenia NGO sector Assessment II: A Comparative study 2004, Yerevan, 2004 p. 76

⁴ Same as previous reference

⁵ Armenian Law on Public Organizations, adopted on December 4, 2001. See Armenian and English versions at www.worldlearning.am.

Together, these changes have created more trust in local government institutions and opened up the possibility of creating partnerships. However, building partnerships is a difficult task for CBOs, even under improved conditions. Anahit Gevorgian, who heads one CBO, reports it took several years to convince his local government of the effectiveness and profitability that could be gained through collaboration and partnership with community organizations.

Case Study 1

Martuni is a small provincial town in northwestern Armenia. Nearby Sevan Lake provides the local population with some income from fishing and tourism, but there is still a great lack of resources in the town and the surrounding areas. Local NGOs began to form in the late 1990s, and currently, several organizations are attempting to accelerate the democratization process. By doing so, they hope to create an environment that will ensure greater success in obtaining funds from international donors such as USAID and the British Department for International Development. While some organizations have been very successful in their fund-raising and have created an illusion of significant organizational growth, in reality, the growth rate is much slower than it seems. There is widespread recognition that one day the supply of international money will be exhausted, and NGOs will have to find other sources of income in order to continue their activities. Without alternative financing, they will be reorganized into simple volunteers groups or disappear altogether.

Martuni is a very dirty town, and local authorities have been unsuccessful in adopting and implementing a strategy for periodic cleanups. Officials have blamed their failure on the lack of finances, absence of garbage-collection routes and dearth of human resources, but have not proposed any alternatives for solving this chronic problem.

One local NGO in town received a grant to establish a community center and began considering various problems it might address. The organization conducted a public opinion poll, and the results indicated garbage collection was the community's top priority.

The NGO based its project mission and methodology on the idea that if local authorities were unable to provide the desired services, then someone else had to be found to assume those functions. The community center identified several informal leaders in the dirtiest district of the town and invited them to attend a town-hall meeting that it organized to present the problem and propose solutions. Afterward, the center provided training to teach these informal leaders about the basics of community participation, problem identification and conflict resolution, as well as leadership techniques. At the end of the planning and training process, the center had a sound plan for getting rid of the garbage.

Some informal leaders were businessmen who agreed to donate money for the experimental project, which was targeted at teaching district residents how and where to dispose of their garbage. Residents were supplied with special plastic garbage bags for refuse, and a collection vehicle came to designated locations at the set hours to pick up the bagged garbage. All these steps required only minimal financial resources, but necessitated maximum participation by community stakeholders. After the experimental project was successfully implemented, it was presented to the local government.

The results of the presentation exceeded all expectations. Local authorities were happy to have a successfully implemented plan for solving one of the community's most vexing problems. They approved the garbage-collection methodology suggested by the NGO and adopted it as the municipality's official refuse-disposal program, creating a line in the local budget to cover related expenses. Through this process, the community organization gained the trust of local authorities and received ongoing support for future projects.

The community center and the local government have continued their close cooperation. The municipality now affords the organization some sustainability by providing facilities and resources for small local projects, as well as by leveraging larger projects that increase the chances of raising matching funds. At the same time, informal local leaders have sustained their support for the initiatives of the organization, although local philanthropy still needs to be developed. The garbage-collection initiative has become very successful, and NGO members enthusiastically work together to further strengthen the project results.

The experience of the NGO in Martuni has become a model for many other provincial organizations. A similar group in Goris, another small Armenian town, has tried to take the NGO-local government partnership a step further by lobbying for an obligatory line in the local budget to support the efforts of community-based organizations. The lobbying effort is still in process, so it is too early to discuss the results.

Case Study 2

In one Yerevan district, an NGO dealing with health, maternity and childhood matters on the federal level was housed in the same building as local government offices but had little interest in community issues and did not view the municipality as a potential partner. However, the NGO gradually noticed that a significant portion of its clientele came from the district where its office was located. Local government employees occasionally referred clients to the NGO, and the NGO sent clients to the municipality's offices when it was unable to provide the necessary services or assistance.

The NGO-municipality relationship strengthened after the organization established a community center. The project, funded by a foreign-donor organization, was intended to promote a closer working relationship with the community by conducting opinion polls, providing trainings and consultations, distributing information and developing strategies for increasing public participation. Furthermore, a key objective of this funding was the establishment of a partnership with the local government.

This last component proved to be the most challenging. While the NGO and the local government had always enjoyed good relations as neighbors, the organization had to convince municipal authorities of the benefits they could derive by elevating their relationship to the level of partnership. Accomplishing this goal required formulating a local development strategy. The organization conducted surveys to determine what citizens believed were the community's most serious problems and then proposed imaginative solutions, including collaborations and partnerships. These findings were used to draft a comprehensive, professional-level strategy document, which proved extremely useful for the local government, given the lack of such skills among municipal employees. In addition, the organization began providing computer training and basic public-administration instruction, along with voluntary assistance to the municipal staff

in drafting legislation. The NGO also initiated a community newspaper, which was effective in sharing information with the local populace, and started providing some social services to the most vulnerable members of the community. In return, the municipality funded some of the organization's important operational and program-related expenses, and made a commitment to cover additional expenses, in the event the current donor funding was not renewed.

Conclusion

One of the most effective methods for a community-based organization to become financially sustainable is through partnership and collaboration with local authorities. However, the pros and cons of this approach, which may vary from region to region, should be examined thoroughly before it is adopted. Some of the most common benefits and drawbacks to collaboration are discussed below and may be helpful to community-based organizations.

Pros:

1. The objectives of community-based organizations and local governments often coincide. Joining forces to achieve a shared goal is always more effective than trying to reach the same goals independently. In some cases, both partners can help to identify new strategic directions and implementation methodologies.
2. Local governments often are interested in related activities, such as conducting research or opinion polls, monitoring and evaluating results and providing social services to the local populace. Often municipalities cannot carry out these activities due to a lack of professional human resources or access to information, so in many cases, they may be willing to pay for some of these services. This need provides an incentive for establishing social or strategic partnerships. The social partnership, implemented through a social agreement, is currently considered in Armenia to be an efficient, legal economic tool for addressing targeted social projects⁶.
3. The local government's budget is a relatively reliable revenue source that can be utilized for funding some community-oriented activities and even the operational expenses of NGOs.
4. NGOs can leverage the funds provided by the local government for particular projects by raising additional funds from different kinds of donors. At the same time, it is much easier to raise funds if the NGO already has a matching amount.
5. The local government can improve its political image and gain the trust and respect of community residents by involving community-based organizations in the local decision-making and problem-solving process. In turn, the CBO can play a more significant role in the community, improve its image and enlarge its clientele base.
6. Dialog between partnership and community-development stakeholders alleviates the causes of many problems, ensures more extensive circulation of information, and increases transparency and experience sharing. As a result, the entire community benefits. The concept of community-development stakeholders has recently entered the lexicon of Armenian community-based organizations and won popularity among theoreticians of community development⁷.

⁶ Arakelyan A., Social Partnership, «Husatu», Vanadzor, 2003, (in Armenian), p. 12

⁷ See, e.g., Kazhoyan H., Communication for Social Change: Networking Essentials, Yerevan, 2004 (in Armenian)

Cons:

1. Opportunities for social partnerships might spawn conflicts of interests and increase possibilities for corruption, especially in small provincial towns where the number of community-based organizations is small, residents generally know each other and most people have previously established relations, interests, contradictions, values and political/religious/ethnic/clan affiliations. It is therefore extremely challenging to ensure that the choice of a partner is fair and unbiased. The selection process must be extremely transparent and involve public opinion.
2. Competition among local organizations could grow into rivalry and result in slander or conflicts of interest as well as more serious consequences, such as community divisions and even violations of human rights.
3. Personal interests and priorities could lead to the misuse of local resources. It is not common for local budgets in Armenia to be transparent, and few Armenians are aware of their community's budget and how public funds are spent. Research shows 78% of Armenians completely lack information regarding their local budgets. Among those who are informed, the primary information sources are relatives and friends (38%) and local officials (22%)⁸.

The NGO-sector assessment conducted in 2004 in Armenia reports community support for community-based organizations has decreased in comparison with the level of support shown in 2001 data. However, the assessment covers mainly voluntary services and participation, community donations and in-kind contributions, but does not include the effects of partnerships between local government and community-based organizations, which are just beginning to develop. Communities are currently experiencing a new period of organizational development of community-based organizations. CBOs have to reconsider their missions, goals, short- and long-term strategies, functions, structures and community roles. In addition, organizations have to seek local partners and local resources that might be useful in their activities. Finally, CBOs have to define their needs for sustainability in terms of their goals and time frames. In some cases, an organization may not have to be sustainable for a long period of time and might disband after achieving some crucial objectives. All these issues should be clarified during the organizational assessment and development processes.

⁸ Citizens' Awareness and Participation in Armenia, survey 2003, prepared by IFES, p. 12

ABOUT THE AUTHOR

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Yulia has significant experience working with local civil society organizations. Her area of expertise is in the field of development of community based organizations.