



POLICY
FORUM
ARMENIA

"Better Policies.
Better Future."

2008 ANNUAL REPORT

Policy Forum Armenia

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Policy Forum Armenia

Mission Statement

Policy Forum Armenia (PFA) is an independent professional non-profit association aimed at strengthening discourse on Armenia's economic development and national security and through that helping to shape public policy in Armenia. Its main objective is to offer alternative views and professional analysis containing innovative and practical recommendations for public policy design and implementation. Through its activities, PFA aims to contribute to the creation of an informed public and more effective and accountable government. PFA's main asset is its worldwide network of professionals and leaders in their respective fields, with dedication to Armenia.

Operational Objectives

PFA has a hybrid mission. It primarily operates as a think tank, since its output will comprise of expert assessments and analysis using latest social science research methodologies and will benefit from scholarly exchange. In addition, to the extent that the PFA would advocate for, and have impact on, the social change in Armenia and the Diaspora, it would also function as an advocacy organization.

Vision

We strive to build Armenia as a country and society where:

Government is transparent and fully trusted by its subjects; Its main objective is the current and future well-being of citizens and nationals abroad; Its members are equally accountable before the law in the same manner as any other citizen of the country and have no direct commercial interests.

Judiciary is free, fair, and incorruptible.

Legislature is competent and respectable.

Civil service is the most respected form of employment, because it provides an opportunity to serve the country and people, and is highly professional.

Society has high standards of living; It is well educated, tolerant, and humane.

Economy is at the frontier of progress and innovation, building upon the human capital of the Nation as a whole; It offers equal opportunities for everyone; It does not tolerate unfair competition and redistributes through efficient and fair taxation.

Environment and responsible management of natural resources are essential to the survival of the State, and are key elements of well-being of future generations.

Human rights are the most sacred set of values.

Citizens of Armenia - Armenians, Yezidis, Greeks, Kurds, Russians, and others alike - are the most valuable asset of the State.

Armed Forces are by far the strongest in the region by spirit and dedication of its men and women, by its advanced armament, and by significance of its mission to protect life, history, and culture.

Diaspora and Armenia form a single entity, the Nation. Its stake in Armenia and Armenia's development are recognized and encouraged; Its potential is fully internalized; Its members have dual Armenian citizenship.

History is of essence. **Future** is where we aim.

I. Introduction

Dear Friends and Colleagues:

It is our sincere pleasure to announce the first anniversary of Policy Forum Armenia. It seems like only days ago that the Initiating Group gathered to discuss the founding principles of the future organization. Nevertheless, we can already look back proudly on the accomplishments of the last year.

This is the first Annual Report of Policy Forum Armenia. During 2008, PFA transformed from a boat testing the waters to one that already sails forward with confidence and integrity; from a budding organization to one that advocates strongly for better economic and social policies and human rights in Armenia. We have moved carefully on a number of key fronts to ensure professional integrity and independence, which are of central importance to us. We also faced the bumps that many new organizations encounter but have overcome them and are moving forward at full speed.

The road ahead is not going to be an easy one. In fact, with so many challenges facing Armenia in the near term, we know we will have our plates full. But these challenges will also give us additional incentives to exist and to continue our work with the same determination as in the past year.

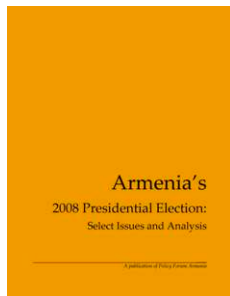
We thank our membership for their dedication and hard work and all our supporters and friends for their assistance and faith in us. We look forward to everyone's continued support in 2009.

Sincerely Yours,
PFA Initiating Group

II. Products and Activities

Policy Forum Armenia had a busy year. We began by building a solid professional membership with dedication to Armenia. We were able to consolidate the expertise of our members and direct it toward addressing specific Armenia-related challenges. While the events of February and March 2008 in Armenia delayed PFA’s first State of the Nation Report, we nevertheless continued our mission outlined in the PFA Prospectus—strengthening discourse on Armenia’s economic development and national security and through that helping to shape public policy in Armenia.

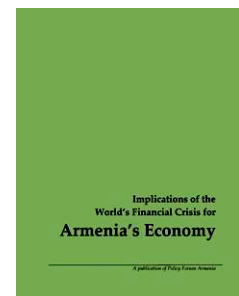
Consistent with our mission and operational objectives, and responding to events unfolding in Armenia, PFA published two special reports, which were very well received by a broad range of



stakeholders. The first report, entitled “2008 Armenia’s Presidential Election: Select Issues and Analysis,” provided a thorough and multi-disciplinary analysis of events surrounding the February 19, 2008 Presidential Election in Armenia. The Report provided analysis of the February election and the civil and political disturbances that ensued. The key issues analyzed in the Report included the election irregularities and human rights abuses observed before and on February 19 as well as the events of March 1-2 that followed; the role of civil society in the aftermath of the election; and the political developments that were critical for understanding the way forward. The Report provides a

detailed statistical analysis of the election outcome and illustrates the massive deviations from the norm through identifiable forms of election fraud, including ballot stuffing and vote steeling.

Responding to the growing concerns about the potential implications of the world’s financial crisis on Armenia’s fragile economy, PFA produced its second report on “Implications of the World Financial Crisis for Armenia’s Economy.” The Report begins with a sobering discussion of global economic conditions and their causes. It predicts that the existing adverse conditions in the world’s financial markets and real economies will have a strong impact on Armenia’s economy regardless of how isolated its relevant sectors are from the rest of the world. The Report offers a detailed account of Armenia’s vulnerabilities to the world’s crisis by focusing on the flow of remittances, trade- and investment-related factors, financial sector, and official financial assistance. In conclusion, the Report offers a set of specific recommendations that are likely to reduce the impact of the adverse global conditions on the Armenia’s economy.



A part of our efforts was directed at disseminating our research and analysis. Having built a modern and well-functioning website from the onset, we were able to both post our findings as well as solicit feedback from our readership on related issues. The News and Reports, Blogs, Library, Policy Calendar, I-Report, and Radio PFA features proved to be both successful and popular, especially during the media blackout in the aftermath of March 1-2 events in Armenia, and we intend to develop these tools further.

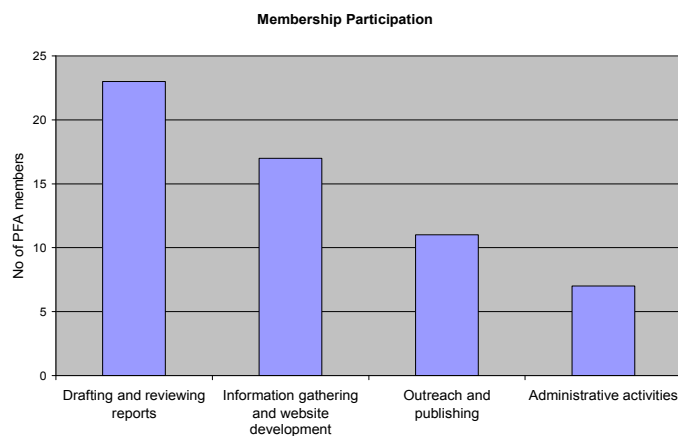
Finally, in an effort to reach out to all our potential constituencies, we held presentations of the Election Report in October at Bentley University, in Boston and in November at the George Washington University in Washington. These presentations were attended by large audiences and their success has inspired us to expand this element of our public relations strategy.

III. Membership and Participation

In its first year, PFA grew to become 50-member strong, including 31 Senior Fellows, and 19 Fellows. Our Academic Board is expanding and consists of prominent academics and policymakers.

PFA’s membership is geographically diverse. Fellows and Senior Fellows are located in Afghanistan, Armenia, Finland, France, Ireland, Kuwait, Nigeria, Switzerland, United Arab Emirates, United Kingdom, and the United States, with expertise in a wide range of public policy-related areas. While we do seek to expand our membership to countries with sizeable Armenian communities, such as Russia and Ukraine, the key objective in this regard is to retain current members and deepen our expertise in areas critical for Armenia’s development.

We are encouraged by the degree of member involvement in PFA activities. Despite the uncertainty associated with a new organization and the sensitive nature of the Reports, there was a broad-based involvement of members in PFA activities in 2008. The chart below shows the frequency of members’ involvement in the following activities: drafting and reviewing reports;



publications and outreach; information gathering and website development; and administrative activities. Nearly half of all PFA members contributed to production of a PFA report (whether finalized or in the pipeline); nearly one in three was involved in information gathering and website development; more than 20 percent of members participated in public relations and outreach activities; and seven members worked on sustaining PFA administratively.

The Initiating Group is grateful to all PFA Fellows and Senior Fellows who donated their time and money to this important cause and worked with great enthusiasm throughout 2008. Special thanks go to the members of the Academic Board, who provided quality control and academic guidance throughout the year.

IV. Finance

During our first year of operation, our main source of income was membership dues amounting to \$4,100 in total. An amount of \$530 in the form of paid goods and services was also received from Initiating Group members. Despite our very limited resources, we managed to cover the critical aspects of our new operation, most notably the creation of PFA website. The funds spent for this purpose amounted to \$2,800, with another \$162 paid for domain support and hosting fees. After publishing the Election Report on the website in July, we were overwhelmed with requests to translate it into Armenian. The work—performed by two professional translators in Armenia—was completed for \$888. During the year in question, we also spent \$532 on public relations-related activities, including: two public presentations of the Election Report, at a total cost of \$232, and news reports covering the situation in Armenia during February-March 2008, for an additional \$300. We also paid \$198 to purchase a radio recorder to help us in generating daily Radio PFA reports from Armenia in February-March. Finally, we spent \$46 on miscellaneous items, such as postage and supplies.

PFA: Sources and Uses of Funds, 2008

Revenues, <i>of which</i>	\$4,630
Membership dues	\$4,100
Other member contributions	\$530
Expenditures, <i>of which</i>	\$4,626
Website development and domain	\$2,962
Translation services	\$888
Public relations	\$532
Equipment	\$198
Miscellaneous	\$46
Surplus (+)/Deficit (-)	\$4
Tax obligations	\$0
Net cash flow	\$4
Account reconciliation	
Bank balances as of 12-31-2008	\$4

With the growth of our activities outpacing that of our finances, a search for new sources of funding is underway. With two reports out and two more in the pipeline, PFA will be well-positioned to undertake a full-fledged fundraising campaign in 2009-10. For this purpose, we will be putting together a medium-term budget proposal to facilitate our discussions with potential donors and help them understand our needs. We are also looking into the possibility of retaining services of a fundraising professional to assist us in this critical endeavor.

V. Moving Forward

PFA will have a difficult year ahead. Challenges facing Armenia on virtually every front—from economics, to internal politics, and international relations—are formidable. Yet, the nation appears to be as divided as never before in its modern history, with very little, if any, hope for reconciliation. Public buy-in—which is so critical for any reform effort and certainly for tackling issues that are before us today—is unfortunately not forthcoming. Coupled with the impact of a world financial crisis of historic proportions, these factors leave Armenia’s national security vulnerable and its economy in grave danger of a deep recession.

These challenges, however, strengthen the need for independent and impartial analysis and advice. We will continue the work we began in 2008 with these objectives in mind. Two issues of the State of the Nation Report—dealing with the environment and Diaspora-Armenia relations—will be issued in Spring of 2009. We have also embarked on brief updates of the two reports already published 2008. At least two more issues of the State of the Nation Report will be published in the second half of the year.

PFA is also looking for new avenues of involvement to deepen and enhance its outreach. More public events are being planned to ensure PFA’s work reaches its intended audience. We will continue building on our relationships with our media and academic partners in Armenia. These will be essential for our efforts to gather credible information as input for our research and to disseminate out findings. We have identified youth groups in Armenia that would help us organize discussions and capacity building in Armenia, which will become a key direction for our focus going forward.

Much more needs to be done, however, on the road to providing the civil society, policymakers, and other stakeholders with impartial and professional analysis of issues of importance for Armenia. PFA needs to stand stronger on its feet financially to be able to perform its functions well. Raising funds will thus remain one of the most critical institutional challenges for us in 2009 and years to come. We owe it to our stakeholders to continue producing credible alternative policy analysis and to stay firm with our assessments, even if our views are not politically popular. Indeed, in doing so we declare with pride that our only allegiance is to the Armenian people—their present and their future.