

Statement of Transparency International Anticorruption Center on International Anticorruption Day 2017

This year, on December 9 for the 14th time the world will mark International Anti-corruption Day. Corruption is a serious crime that is able to undermine political, social and economic development in any country of the world. According to the UN Office on Drugs and Crime (UNODC) every year \$1 trillion is paid in bribes while an estimated \$2.6 trillion are stolen annually through corruption, which is equal to more than 5% of the global GDP. In developing countries, according to the United Nations Development Program, funds lost to corruption are estimated at 10 times the amount of official development assistance.

Due to some legislative and institutional changes, it could be argued that there is limited progress with the state of corruption in Armenia in 2017. A number of laws were adopted, which, if properly implemented, could have substantial positive impact on the fight against corruption. Among them are the Law on Whistleblowers, Law on the Corruption Prevention Commission, changes and amendments introduced in the Law on Public Service, etc. These laws also laid grounds for the establishment of institutional framework for the national anti-corruption policies.

At the same time, several developments and facts, which occurred in the public and political life of Armenia in 2017, come to prove that the reality continues to substantially differ from the written laws and given promises. In fact, this dissonance was most vividly manifested through widespread political corruption during April 2017 parliamentary elections. A typical manifestation of the lack of political will was the dismissal, and, de facto cover-up of scandalous cases of the abuse of office, which received wide response in public. Among such cover-ups was the off-shore scandal connected to Mihran Poghosyan, former Head of the Judicial Acts Compulsory Enforcement Service, the “hero” of the so-called Panama papers with his further inclusion in one of the territorial proportional lists of the ruling Republican Party of Armenia during the parliamentary elections. Other such cover-ups were abuse of their official power by the heads and principals of 114 pre-school and general educational establishments through the inclusion of their employees and their relatives into the list of potential voters of the ruling party and involvement of the officials of the supervising bodies of those establishment in that affair, pressure on the employees of SAS company during electoral campaign, as well as many other cases of the rampant abuse of administrative resources and vote bribing during elections.

It should be noted that namely the mentioned above vicious practices during elections, inaction of law enforcement bodies and impunity of high ranking officials largely contribute to the perception of high level of corruption in Armenia and this is the reason, that despite certain efforts made by the government, there is no improvement in these public and expert perceptions regarding the fight against corruption throughout many years.

The meager values of corruption perception indices of such well-known organizations as Transparency International, The World Bank and Freedom House were recently supplemented by similar attitudes of other organizations towards corruption in Armenia. In particular, on November 20, 2017, the Millennium Challenge Corporation published Armenia’s Scorecard, which revealed that Armenia could not be eligible one more year for receiving the Corporation’s financial support only because of high level of corruption, and by that it sent a message to Armenian authorities to take real steps in reducing

corruption. Literally few days ago the Council of the Ministers of Finance of the EU member states included Armenia in its “grey list” of 47 countries, whose tax legislation is not in compliance with EU transparency standards.

The obligations taken by Armenia through the Comprehensive and Enhanced Partnership Agreement signed between Armenia and EU, as well as more serious treatment of this problem by international community and, as a result of that, its expectations for concrete results from the fight against corruption, give some optimism for the improvement of the situation.

Apart from requiring to meet its international obligations, it is obvious that unless there is high level of corruption, there could be no serious political, economic and social progress in Armenia. In this context, it will be impossible to secure the national security safeguards defined by the National Security Strategy of the Republic of Armenia, which was adopted in 2007. Those safeguards are:

- efficiency of state governance system,
- ensuring the rule of law,
- rooting of democratic values,
- impartiality and independence of the judiciary,
- fighting efficiency of the military,
- effective performance of national security and law enforcement agencies,
- foreign policy ensuring effective international involvement, and,
- ensuring social justice.

It is apparent that corruption directly endangers these safeguards, and, thus, should be viewed as the primary threat to the national security. It is the responsibility of the Armenian government to undertake serious steps in eradicating corruption and eliminating poverty, social inequality, economic and political monopolies, and stopping emigration.