# **Armenia**

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| Member of Open Government Partnership | Yes |
| UN Convention Against Corruption | Ratified in 2007 |
| Arms Trade Treaty | Not signed |

The 2018-2020 period in Armenia was one of turmoil on the political scene and in external relations. The Velvet Revolution of 2018, with mass protests against the former President Serzh Sargsyan, resulted in significant political changes and two new governments in the course of 2018.[[1]](#footnote-1) The Civic Contract party, led government under Nikol Pashinyan, came to power on a platform of democratic reforms, tackling political corruption, increasing transparency in policy-making, and maintaining Armenia’s security in the region.[[2]](#footnote-2) However, the July 2020 clashes on the border with Azerbaijan and the September-November 2020 war in Nagorno-Karabakh have completely changed the political and security landscape, fracturing the political consensus and shifting priorities. Snap parliamentary elections in June 2021 that were largely held in accordance with international standards maintained Pashinyan’s Civic Contract in power, but also returned to the parliament representatives of the former regimes specifically renowned for autocracy and kleptocratic governance.[[3]](#footnote-3) Armenia’s government and society are still grappling with the aftermath of the war, which resulted in over 4,000 battlefield deaths, several thousands wounded, major losses of territory and a humanitarian emergency.[[4]](#footnote-4) The result of the war prompted questions about the apparent disparity in military equipment between Armenia and Azerbaijan, the training and shape of the two countries’ forces and the international support that contributed to the outcome.[[5]](#footnote-5) Thus, the conflict has increased attention on the structure and governance of the defence sector. As things stand, Armenia’s defence sector remains shrouded in secrecy, with limited external oversight of policy-making, financial management and acquisitions, despite some progress in recent years. Anti-corruption standards for personnel management, including training and codes of conduct, are minimal, while safeguards to corruption on operations are extremely weak.

## Parliamentary Oversight

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| Legislative oversight of budget (Open Budget Survey, IBP, 2019) | Not rated |
| Military expenditure as share of government spending (SIPRI, 2020) | 16.7% |
| Committee members with defence expertise % | 18% (2 of 11) [[6]](#footnote-6) |
| # of meetings/year | Data is not publicly available. |
| Last review of defence policy/strategy | 2020[[7]](#footnote-7) |

Under Armenia’s presidential system of government until mid-2018, parliamentary oversight of the executive, and especially of defence, was hobbled by a government operating in a guarded manner, often refusing to respond to parliamentarians’ questions for reasons of “secrecy”[[8]](#footnote-8) and actively side-lining opposition voices.[[9]](#footnote-9) Key documents, such as the national security strategy and military doctrine, were approved by presidential decree without parliamentary input. Other key texts were discussed by the Security Council, made up solely of members of the executive, and bypassed parliament entirely.[[10]](#footnote-10) The executive and their business allies had direct influence over the legislature, restricting its capacity and ability to perform oversight activities and effectively reducing it to a forum for approving draft laws. Additionally, there was very limited expertise within the parliament to ensure quality oversight – in 2019 only two out of eleven members of the Defence Committee had subject matter proficiency.[[11]](#footnote-11) Since then however, the rules of procedure of the National Assembly have been amended to tighten oversight over the executive and increase its accountability to parliament, for instance through the compulsory submission of reports on budget implementation. Already, there is evidence of Parliament taking on an increasingly active scrutiny role on defence matters.[[12]](#footnote-12) Nevertheless, there remain considerable obstacles to oversight. Parliament cannot scrutinise major arms procurement,[[13]](#footnote-13) although the Defence Committee has the right to scrutinise classified expenditures and budgetary provisions during closed sessions. Yet it frequently fails to exercise this right in practice. Financial oversight is also exercised by the Audit Chamber, which is responsible for external auditing of defence spending.[[14]](#footnote-14) While the Chamber is active in scrutinising defence spending,[[15]](#footnote-15) it has limited powers to ensure that its recommendations are implemented. Poor communication between the Ministry of Defence and Chamber mean that recommendations are rarely followed-up, and there is no formal mechanisms to monitor their implementation.

## Financial Transparency

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| Defence-related access to information response rates | (1) % granted full access: Data is not publicly available. |
| (2) # subject to backlog: Data is not publicly available. |
| Defence-related complaints to ombudsman/commissioner # | Data is not publicly available |
| Does the commissioner have authority over the MoD? | Yes |
| Audit reports on defence (2018-2020) # | None 2018, one scheduled for 2019 but currently no information on completion |
| Open Budget Survey (IBP, 2019) | Not rated |
| World Press Freedom Index (RSF, 2021) | 63rd out of 180 |

Historically, transparency around government decision making in Armenia has been limited, with previous administrations conducting policymaking in an opaque manner.[[16]](#footnote-16) Weak transparency has also long been a characteristic of the defence sector, particularly with regards to financial management. Public access to information in defence is regulated by two laws. the Law on Freedom of Information ensures the right for public access to information held by state institutions.[[17]](#footnote-17)But the Law on State and Official Secrets effectively makes that provision irrelevant by allowing for classifying the major information in the defence sector as an area where the disclosure of information can have grave consequences for national security.[[18]](#footnote-18) This gives authorities broad scope to arbitrarily reject requests for information even if they pertain to non-sensitive data. This lack of transparency is also apparent in the secrecy surrounding the defence budget, the majority of which is not disclosed to the public. Only general items are published, with little clarity over the details, and figures are aggregated.[[19]](#footnote-19) Financial transparency is further undermined by the practice of off-budget spending in defence. While these funds require government approval and ministries are required to submit reports on off-budget spending,[[20]](#footnote-20) there is no information available on the Ministry of Defence. This lack of transparency heightens vulnerabilities to corruption and undermines the reliability of the budget for oversight purposes.[[21]](#footnote-21)

## Personnel Ethics Framework

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| Whistleblowing legislation | Law on Whistleblowing (2018)[[22]](#footnote-22) |
| # defence-sector whistleblower cases | Data is not publicly available |
| # Code of conduct violations | Military: Data is not publicly available |
|  | Civilian: Data is not publicly available |
| Financial disclosure system | # submitted: Data is not publicly available |
|  | # of violations: Data is not publicly available |

Armenia’s Law on Whistleblowing entered into force in January 2018 and frames the rights and responsibilities of whistleblowers, including in relation to defence institutions.[[23]](#footnote-23) The legislation is largely comprehensive, enshrining whistleblowers’ right to protection, anonymity and non-disclosure of personal information.[[24]](#footnote-24) In the defence sector, the Ministry of Defence (MoD)’s Human Rights and Integrity Building Centre is the responsible authority for implementing the legislation and processing whistleblower reports.[[25]](#footnote-25) In institutional terms, the independence of the MoD’s Human Rights Centre and its ability to protect whistleblowers could be limited by the fact that it is directly accountable to the Minister of Defence and its activities can be stopped at any time by the Minister’s order. While this could protect the Centre from influence from elsewhere within the system, it does expose it to greater impact of the Minister’s decisions, which could result in hesitation among potential whistleblowers. Elsewhere, anti-corruption standards for personnel, as laid out in codes of conduct, are weak. The conduct of military personnel is regulated by the Law on the Disciplinary Code of the Armed Forces[[26]](#footnote-26) and the Law on Approving the Code of Internal Service of the Armed Forces.[[27]](#footnote-27) While the laws lay out the foundations of military discipline, neither makes any reference to corruption issues. Conversely, civilian personnel are subject to the Law on Civil Service[[28]](#footnote-28) and Decree N48[[29]](#footnote-29) which explicitly address issues related to bribery and illicit enrichment. Nevertheless, there are question marks around the implementation of Decree 48, as there is no evidence that gifts are regularly reported or transferred to the State Treasury as proscribed.[[30]](#footnote-30)

## Operations

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| Total armed forces personnel (World Bank, 2018) | 49,000 |
| Troops deployed on operations # | 41 in Kosovo (NATO),[[31]](#footnote-31) 33 in Lebanon (UNIFIL)[[32]](#footnote-32) & 20,000 in Nagorno-Karabakh (Artsakh Defence Army)[[33]](#footnote-33) |

Armenia has a significant number of soldiers in operations, from domestic posts to NATO missions and a contingent deployed with the UN in Lebanon. It has benefitted from participating in the NATO Building Integrity programme, however, the Armenian MOD does not appear to treat the issue of corruption in operations systematically. The military doctrine does not address corruption risks as a strategic issue.[[34]](#footnote-34) Corruption considerations are not included in the forward planning processes for operations, and while the government has signalled an intent to focus on defence corruption issues, it is not clear whether operations are included in this.[[35]](#footnote-35) Furthermore, training for commanders on corruption issues is dependent on civil society or military partners and tends to be restricted to Armenia’s peacekeeping battalion. While the establishment of the Peacekeeping Training Area in Yerevan is a positive step; it remains to be seen whether there will be corruption-focussed courses delivered to peacekeepers. There is also no evidence that the military engages in corruption monitoring during operations or that specifically trained personnel are deployed to monitor and evaluate corruption risk in the field. This means that personnel and missions are ill-equipped to identify and address corruption-related issues during operations, significantly increasing the risk that such issues undermine mission objectives.

## Defence Procurement

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| Military expenditure (US$ mil) (SIPRI, 2020) | 635 |
| Open competition in defence procurement (%) | Exact data not publicly available. |
| Main defence exports – to (SIPRI, 2016-20) | N/A |
| Main defence imports – from (SIPRI, 2016-20) | Russia, Jordan |

Before 2020 there was a steep and rapid increase in Armenia’s military expenditure, from 3.9% of GDP in 2014, to 4.9% in 2019.[[36]](#footnote-36) The increase has been driven by mounting tensions with Azerbaijan and its intensive armament, increasingly poor relations with Turkey and a new defence strategy that favours deterrence over deep defence.[[37]](#footnote-37) This shift has fuelled a significant procurement drive, including large contracts with Russia for sophisticated military hardware.[[38]](#footnote-38) As a result of this drive, in 2018, 21% of government spending was directed towards the military.[[39]](#footnote-39) This increase in the volume of defence procurement, however, comes at a risk. Armenia’s current oversight and management framework exposes the procurement process to considerable corruption risk. For instance, there is no clear process of acquisition planning that also involves external oversight or explicitly ties particular purchases to the National Security Strategy,[[40]](#footnote-40) which obscures the rationale for the selection of procurement priorities and for specific choices. While the procurement of civilian-use goods is done through electronic portals, the majority of weapons procurement and military hardware acquisitions are classified, meaning they are not subject to publication, and complete information on the tender and contract terms are not made publicly available. Oversight of procurement procedures is further limited by secrecy clauses that restrict public oversight. The Audit Chamber has the power to monitor all defence procurement procedures; however, its reports related to the defence sector are not always publicly available and often are shared only in a summarised form.[[41]](#footnote-41) Its cooperation with Parliament on defence issues is also limited, resulting in a loss of valuable information for both oversight bodies.

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   International Crisis Group, ‘Preventing a Bloody Harvest on the Armenia-Azerbaijan State Border’, *ICG*, Report 259, 24 July 2020. [↑](#footnote-ref-2)
3. Christian Marmo, ‘No More Velvet: Armenia’s PM Nikol Pahinyan Promises a ‘Steel’ Revolution’, *Emerging Europe*, 25 June 2021. [↑](#footnote-ref-3)
4. Neil Hauser, ‘Armenia is Still Grieving’, *Foreign Policy*, 24 April 2021. [↑](#footnote-ref-4)
5. Shaan Shaigh & Wes Rumbaugh, The Air and Missile War in Nagorno-Karabakh: Lessons for the Future of Strike and Defense’ CSIS, 8 December 2020; ‘ Alexander Stronell, ‘Learning the lessons of Nagorno-Karabakh the Russian way’, IISS, 10 March 2021. [↑](#footnote-ref-5)
6. National Assembly of the Republic of Armenia, ‘Standing Committee on Defence, National Security and Internal Affairs – Members’ [↑](#footnote-ref-6)
7. Vahram Ter-Matevosyan, ‘Armenia’s New National Security Strategy: Sharing First Impressions’, *EVN Report*, 23 July 2020. [↑](#footnote-ref-7)
8. Ashot Khurshudyan, Marijn Zeger Van der Wal, Elkhan Mehdiyev, Tamar Pataraia, Shorena Lortkipanidze and David Sikharulidze, ‘Oversight of the Security Sector by Parliaments and Civil Society in the Caucasus: Cases of Armenia, Georgia and Azerbaijan’, *Cascade Caucasus*, September 2016, p. 9. [↑](#footnote-ref-8)
9. Lanskoy & Suthers, ‘Armenia’s Velvet Revolutions’. [↑](#footnote-ref-9)
10. Republic of Armenia, *Law on the Security Council's Formation and Activity*, March 2018. [↑](#footnote-ref-10)
11. Parliament of the Republic of Armenia, ‘Standing Committee on Defence and Security,’ 2019. [↑](#footnote-ref-11)
12. Ani Mejlumyan, ‘Armenia Begins Probe of 2016 War’, *Eurasianet*, 14 June 2019. [↑](#footnote-ref-12)
13. Republic of Armenia, *Law on Procurement,* December 2016. [↑](#footnote-ref-13)
14. Republic of Armenia, *Law on the Audit Chamber*, January 2018. [↑](#footnote-ref-14)
15. Audit Chamber, ‘Archives’. [↑](#footnote-ref-15)
16. Bertelsmann Stiftung, *BTI 2020 Country Report: Armenia*, Gutersloh, Bertelsmann Stiftung, 2020, p. 28. [↑](#footnote-ref-16)
17. Republic of Armenia, *Law on Freedom of Information*, September 2003. [↑](#footnote-ref-17)
18. Republic of Armenia, *Law on State and Official Secrets*, December 1997. [↑](#footnote-ref-18)
19. Republic of Armenia, *Law on the RA 2020 State Budget*, 2019. [↑](#footnote-ref-19)
20. Republic of Armenia, *Law on the Budget System*, June 1997. [↑](#footnote-ref-20)
21. A1plus, ‘Now, are there $ 1.2 million USD in Martik's account or not?’, 26 September 2016. [↑](#footnote-ref-21)
22. Republic of Armenia, *Law on Whistleblowing*, August 2018. [↑](#footnote-ref-22)
23. Republic of Armenia, *Law on Whistleblowing*, August 2018. [↑](#footnote-ref-23)
24. *Law on Whistleblowing*, Article 6, clause 8. [↑](#footnote-ref-24)
25. *Law on Whistleblowing*. [↑](#footnote-ref-25)
26. Republic of Armenia, *Law on the Disciplinary Code of the RA Armed Forces*, March 2012. [↑](#footnote-ref-26)
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30. Vahe Makaryan, ‘Do not officials receive gifts or they hide it?,’ *hraparak.am*, 10 February 2018. [↑](#footnote-ref-30)
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