



**NATIONAL INTEGRITY
SYSTEM ASSESSMENT
ARMENIA 2014**

Transparency International (TI) is the global civil society organization leading the fight against corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it.

Transparency International Anticorruption Center (TI AC) is the accredited national chapter of TI in Armenia.

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ISBN: 978-9939-1-0141-5

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This project is funded by the European Union. This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of Transparency International Armenia and can in no way be taken to reflect the views of the European Union.

Starting from January 2015 this project is co-funded by Open Society Foundations-Armenia.

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FOREWORD

Corruption remains as one of the most serious problems of Armenia. Thus, it is one of the most substantial obstacles in the economic and political development of the country, creating threats to the country's security. The root causes of corruption in Armenia are the convergence of the political and business elites, dominance of monopolies both in political and economic realms and insufficient level of checks and balances between the branches of the government. The high level of tolerance towards corruption in the society also contributes to the prevalence of corruption in Armenia. In such situation it is not surprising Armenia's low ranking in the Transparency International's Corruption Perception Index (CPI) ranking table, as well as qualitative and quantitative data proving high level of corruption in the country from the studies of other reputable international organizations, such as The World Bank, World Economic Forum, Freedom House and others.

Obviously, it would not be completely correct to argue that Armenia's political leadership does not realize the seriousness of the situation with corruption and does not take any steps to tackle it. In particular, since 2003 two national anti-corruption strategies with their respective action plans have been adopted (2003-2007 and 2009-2012). Currently the development of the third strategy and its action plan is under way. By joining the Group of States against Corruption (GRECO), OECD Istanbul Action Plan Anti-corruption Network and signing and ratifying UN Convention against Corruption (UNCAC), Armenia assumed a number of international anti-corruption obligations. These obligations, together with the implementation of the measures foreseen by the action plans of the previous anti-corruption strategies entailed to the adoption of several laws and other legal acts, which have serious anti-corruption prevention potential. Also, certain steps were undertaken aimed at harmonizing the national legislation on the criminalization of corruption with stricter requirements of international standards. However, primarily, the insufficient level of political will, as well as other factors, brought to unsatisfactory level of implementation and enforcement of those legal acts and many of them remained on paper. The atmosphere of impunity remains a serious problem for the country. As a result of that the public perceives the anti-corruption policy of the government not as a genuine fight of corruption, but rather its imitation.

On behalf of Transparency International Anti-corruption Center (TIAC), which is the official accredited representative of the Transparency International global anti-corruption movement in Armenia, I have the honor to present this study on the assessment of the Armenia's National Integrity System (NIS), which is the third such study conducted by TIAC. To some extent, this study is the continuation of the previous study, which was conducted in 2009-2012, and it analyzed the changes in the situation of corruption and developments in the fight against it that took place after the conduct of that study. This study assesses the legal grounds regulating the activities of those state and non-state institutions and establishments, which are key actors in the prevention and counteraction to corruption, as well as how this activities are implemented in practice. The main goal of the study is to assess the strong and weak features of those institutions, which will enable, through applying its findings and conclusions, to develop more effective and ambitious national anti-corruption policy.

I would like to express my gratitude to all those, who have their profound input to this research, and, primarily, to the Lead Researcher. The input of the research assistant6s was also invaluable.

Very important was the contribution of the members of the Advisory Board, whose comments and suggestions substantially enhanced the quality of the study. I would also like to express my deep appreciation to the Secretariat of Transparency International, especially to Mr. Andy McDevitt, for the academic management and external review of the report, and Ms. Emilija Taseva, for the coordination of the project implementation. Finally, I express my gratitude to European Union, the principal donor of the project, and Open Society Foundations-Armenia, co-funder of the project, without whose support this project would not be possible.

Varuzhan Hochtanyan

Executive Director, Transparency International Anti-corruption Center

Country Coordinator of the Project

DEDICATION

“The world will not be destroyed by those who do evil, but by those who watch them without doing anything”

Albert Einstein



Amalia Kostanyan

Amalia Kostanyan had a passion for removing Armenia’s “makeup”, and freeing her motherland from corruption, dishonesty, unfair treatment and lack of respect towards her fellow citizens.

Armenia will always be indebted to her for establishing an organisation in 2000, which later would become known as the Armenian chapter of Transparency International. With her death, Armenia lost one of its brightest and best: a tough corruption fighter with an amazing level of integrity. She left a legacy for her like-minded colleagues, inspiring them to always push higher and further beyond their “comfort zones”, which is the only way to register success in fighting corruption.

One of the fruits of her labour was Armenia’s first National Integrity System Assessment. She valued this research very much. As a person with honour she was a pleasure to know and to work with. We dedicate this research to her bright memory in the souls and hearts of her family, friends and colleagues.

Varuzhan Hochtanyan and Khachik Harutyunyan

I. INTRODUCTORY INFORMATION

NIS UPDATE COUNTRY COORDINATOR

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Manukyan Artak (Author of the “business” pillar and the indicator “reduce corruption risks through safeguarding public procurement” of “civil service” pillar.)

RESEARCH REVIEW

Andy McDevitt, Transparency International Secretariat

RESEARCH ASSISTANTS

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LIST OF INTERVIEWEES

Arustamyan Karen, head of the Department of International Relations and Methodology of the Chamber of Control of the Republic of Armenia

Avagyan Hakob, president of the “Association for Cooperation between Small and Medium Enterprises” NGO

Badalyan Manvel, chairman of the Civil Service Council of the Republic of Armenia

Barseghyan Levon, president of the journalists’ club “Asparez”

Ghalumyan Armen, director of the Civic Partnership and Development Foundation

Harutyunyan Haykuhi, president of the “Protection of Rights without Borders” NGO

Hovhannisyan Hovhannes, member of the Public Council of the Republic of Armenia

Ishkanyan Avetik, president of the “Helsinki’s Committee of Armenia” NGO

Iskandaryan Alexander, director of the “Caucasus Institute” policy think-tank

Martirosyan Armen, vice president of the “Heritage” political party

Melikyan Ashot, chairman of the Committee to Protect Freedom of Expression

Mukuchyan Tigran, chairman of the Central Electoral Commission of the Republic of Armenia

Poghosyan Gagik, coordinator of the “Network for the Protection of Business Interests” NGO

Poghosyan Tevan, MP of the 5th convocation of the National Assembly of the Republic of Armenia

Safaryan Stiopa, former MP of 4th convocation of the National Assembly of the Republic of Armenia, director of “Armenian Institute of International and Security Affairs”

Soghomonyan Tatul, deputy head of the Staff of the National Assembly of the Republic of Armenia

Vardanyan Edgar, expert of the Armenian Center for Strategic and National Studies

Vardevanyan Arman, head of the Legal Analysis Department within the staff of the Human Rights Defender of the Republic of Armenia

Anonymous interviewee for the pillar on the “Human Rights Defender”

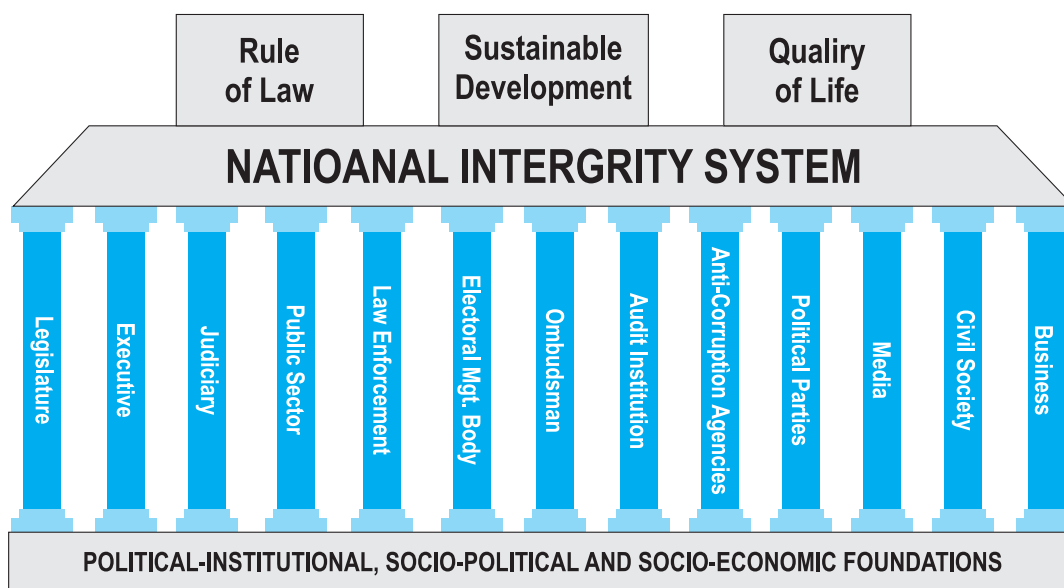
LIST OF ACRONYMS

ABA ROLI	American Bar Association Rule of Law Initiative
ACGRC	Analytical Centre on Globalization and Regional Cooperation
AMD	Armenian Dram
ANC	Armenian National Congress
ARF	Armenian Revolutionary Federation
BTI	Bertelsmann Stiftung’s Transformation Index
CEC	Central Electoral Commission
CIS	Commonwealth of Independent States
CoC	Chamber of Control
CPFE	Committee to Protect Freedom of Expression
CPIA	Country Policy and Institutional Assessments

CRRC	Caucasus Research Resource Centers
CSC	Civil Service Council
CSO	Civil Society Organization
CU	Customs Union
ECRI	European Commission against Racism and Intolerance
EMB	Electoral Management Body
ENP	European Neighbourhood Policy
EOM LTO	Election Observation Mission's Long term observer
EU	European Union
EUR	European Monetary Unit
FES	Friedrich-Ebert-Stiftung
FOICA	Freedom of Information Center of Armenia
GCI	Global Competitiveness Index
GDP	Gross domestic product
GRECO	Council of Europe's Group of States against corruption
HHK	Republican Party of Armenia
HMF	Hrayr Manoukian Foundation
IDA	International Development Association
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
IRAI	IDA Resource Allocation Index
IREX	International Research & Exchanges Board

IT	Information technology
KOICA	Korea International Cooperation Agency
LP	Law on Procurement
LRPS	Law on Remuneration of Persons
MEAT	Most economically advantageous tender
MoF	Ministry of Finance
MP	Member of Parliament
NA	National Assembly
NCTR	National Commission for Television and Radio
NGO	Non-governmental organization
NIS	National Integrity System
ODIHR	Office for Democratic Institutions and Human Rights
OECD	Organization for Economic Co-operation and Development
OEK	Rule of Law Party
OSCE	Organization for Security and Cooperation in Europe
OSF	Open Society Foundations
PEC	Precinct Electoral Commissions
PO	Public Organization
PSC	Procurement Support Center
PSO	Public Sector Organization
RA	The Republic of Armenia
REB	Republican Executive Bodies

SAI	Supreme Audit Institution
SNCO	State Non Commercial Organization
SPS	Special Investigative Service
SYGMA	Support for Improvement in Governance and Management
TEC	Territorial Electoral Commissions
GoA	Government of Armenia
TI AC	Transparency International Anticorruption Center
U.S.	United States
UN	United Nation
UNICEF	United Nations International Children's Emergency Fund
UPR	Universal Periodic Review
USAID	United States Agency for International Development
WHO	World Health Organization



II. ABOUT THE NIS ASSESSMENT

The National Integrity System assessment approach used in this report provides a framework to analyse the effectiveness of a country’s institutions in preventing and fighting corruption. A well-functioning NIS safeguards against corruption and contributes to the larger struggle against abuse of power, malfeasance and misappropriation in all its forms. When the NIS institutions are characterised by appropriate regulations and accountable behaviour, corruption is less likely to thrive, with positive knock-on effects for the goals of good governance, the rule of law and protection of fundamental human rights. Strengthening the NIS promotes better governance across all aspects of society and, ultimately, contributes to a more just society overall.

The Armenia NIS country report addresses 13 “pillars” or institutions believed to make up the integrity system of the country.

Government	Public sector	Non-governmental
1. President	5. Civil Service	10. Media
2. Legislature	6. Law Enforcement Agencies	11. Civil Society
3. Executive	7. Central Electoral Commission	12. Political Parties
4. Judiciary	8. Human Rights Defender	13. Business
	9. Chamber of Control	

Each of these 13 institutions is assessed along three dimensions that are essential to its ability to prevent corruption: First, its overall **capacity** in terms of resources and legal status, which underlies any effective institutional performance. Second, its internal **governance** regulations and practices, focusing on whether the institution is transparent, accountable and acts with integrity, all crucial elements to preventing the institution from engaging in corruption. Thirdly, the extent to which the institution fulfils its assigned **role** in the anti-corruption system, such as providing effective oversight of the government (for the legislature) or prosecuting corruption cases (for the law enforcement agencies). Together, these three dimensions cover the institution’s ability to act (capacity), its internal performance (governance) and its external performance (role) with regard to the task of fighting corruption.

Each dimension is measured by a common set of indicators. The assessment examines both the legal framework of each pillar as well as the actual institutional practice, thereby highlighting discrepancies between the formal provisions and reality on the ground.

Dimension	Indicators (law, practice)
Capacity	Resources
	Independence
Governance	Transparency
	Accountability
	Integrity
Role within governance system	Between 1 and 3 indicators, specific to each pillar

The assessment does not seek to offer an in-depth evaluation of each pillar. Rather, it seeks breadth, covering all relevant pillars across a wide number of indicators in order to gain a view of the overall system. The assessment also looks at the interactions between institutions to understand why some are more robust than others and how they influence each other. The NIS presupposes that weaknesses in a single institution could lead to serious flaws in the entire system. Understanding the interactions between pillars also helps to prioritize areas for reform. In order to take account of important contextual factors, the evaluation of the governance institutions is embedded in a concise analysis of the overall political, social, economic and cultural conditions, the *foundations*, on which these pillars are based.

ABOUT THE NIS UPDATE

TI Anti-corruption Center NGO Armenia conducted an NIS assessment from 2009-2012. This report represents an update to the previous assessment. The primary purpose of this NIS update is to: (a) assess whether there has been any progress over time with regards to the country’s integrity system, (b) identify specific changes (both positive and negative) which have occurred since the previous NIS report was published, and (c) identify recommendations and advocacy priorities for improving the country’s integrity system.

METHODOLOGY

The NIS assessment is a qualitative research tool based on a combination of desk research and in-depth interviews. A final process of external validation and engagement with key stakeholders ensures that the findings are as relevant and accurate as possible before the assessment is published.

The assessment is guided by a set of “indicator score sheets” developed by the TI Secretariat. The sheets consist of a “scoring question” for each indicator, supported by further guiding questions and scoring guidelines for the minimum, mid-point and maximum scores. For example:

Sample indicator score sheet: Legislature	
Capacity – Independence (law)	
Scoring question	To what extent is the legislature independent and free from subordination to external actors by law?
Guiding questions	Can the legislature be dismissed? If yes, under which circumstances? Can the legislature recall itself outside normal session if circumstances so require? Does the legislature control its own agenda? Does it control the appointment/ election of the Speaker and the appointments to committees? Can the legislature determine its own timetable? Can the legislature appoint its own technical staff? Do the police require special permission to enter the legislature?
Scoring guidelines	
Minimum score (0) 25	There are no laws which seek to ensure the independence of the legislature.
Mid-point score (50) 75	While a number of laws/provisions exist, they do not cover all aspects of legislative independence and/or some provisions contain loopholes.
Maximum score (100)	There are comprehensive laws seeking to ensure the independence of the legislature.

In total the assessment includes over 150 indicators, approximately 12 indicators per pillar. The guiding questions for each indicator were developed by examining international best practices, existing assessment tools for the respective pillar as well as using TI’s own experience, and by seeking input from international experts on the respective institution. To answer the guiding questions, the lead researcher relied on three main sources of information: national legislation, secondary reports and research, and interviews with key experts. For this NIS update 19 of key informants were interviewed. A full list of interviews is provided in part 1-Introductory information.

For this NIS update the findings from the previous NIS assessment are summarized and any changes which have occurred since then are analyzed under each indicator.

The assessment represents the current state of integrity institutions in Armenia, using information cited from the last two to three years. It reflects all major legislative changes as of June 30, 2014

THE SCORING SYSTEM

While the NIS is a qualitative assessment, numerical scores are assigned in order to summarise the information and help to highlight key weaknesses and strengths of the integrity system. They prevent the reader from getting lost in the details and promote reflection on the system as a whole, rather than focusing only on its individual parts.

The scores are assigned by an in-country researcher on a 5-point scale in 25-point increments (0, 25, 50, 75, 100), validated by an in-country multi-stakeholder advisory group and finally vetted by TI-S. An aggregate score for each dimension is calculated (simple average of its constituent indicator scores) and the three dimension scores are then averaged to arrive at the overall score for each pillar. The difference in practice versus law can also be calculated at both dimension level and for an institution as a whole.

For this NIS update, the scores for the previous NIS assessment are presented alongside the updated scores to allow for comparison over time in Armenia. However, since there is no international board which reviews and calibrates all scores across countries, the scores cannot be used for cross-country comparison.

CONSULTATIVE APPROACH AND VALIDATION OF FINDINGS

The NIS assessment process in Armenia had a strong consultative component, seeking to involve the key anti-corruption actors in government, civil society and other relevant sectors. This approach had two aims: to generate valid evidence and to engage a wide range of stakeholders with a view to building momentum, political will and civic demand for reform initiatives. The consultative approach had two main parts: a high-level Advisory Group and a National Stakeholder Workshop.

NIS Advisory Group	
Name	Affiliation
Alaverdyan Larisa	Former and first Human Rights Defender (2004-2006) of the Republic of Armenia, Director of the Institute of Law and Politics at the Russian-Armenian Slavonic University
Asatryan Kamo	Anti-corruption program monitoring division of the staff of the Government of the Republic of Armenia
Iskhanyan Avetik	President of “Helsinki Committee of Armenia” NGO, attorney
Nikoghosyan Arsen	Office of the General Prosecutor of the Republic of Armenia
Members of the Ethics Commission for the High-Level Public Officials of the Republic of Armenia	

The full report was reviewed and endorsed by the TI Secretariat, and an external academic reviewer provided an extensive set of comments and feedback.

BACKGROUND AND HISTORY OF THE NIS APPROACH

The concept of a “National Integrity System” originated within the TI movement in the 1990s as TI’s primary conceptual tool of how corruption could be best fought, and, ultimately, prevented. It made its first public appearance in the TI Sourcebook, which sought to draw together those actors and institutions which are crucial in fighting corruption, in a common analytical framework, called the “National Integrity System”. The initial approach suggested the use of ‘National Integrity Workshops’ to put this framework into practice. The focus on “integrity” signified the positive message that corruption can indeed be defeated if integrity reigns in all relevant aspects of public life. In the early 2000s, TI then developed a basic research methodology to study the main characteristics of actual National Integrity Systems in countries around the world via a desk study, no longer using the National Integrity Workshop approach. In 2008, TI engaged in a major overhaul of the research methodology, adding two crucial elements – the scoring system as well as consultative elements of an advisory group and reinstating the National Integrity Workshop, which had been part of the original approach. To date, 40 assessments using the new methodology have been published across the globe. These are available at http://transparency.org/policy_research/nis/

III. EXECUTIVE SUMMARY

OVERVIEW OF THE REPUBLIC OF ARMENIA

Armenia became an independent country in 1991, after the break-up of the Soviet Union. Since the early years of its independence it has experienced a series of challenges including the devastating 1988 earthquake, which left thousands of people without shelter and destroyed the economy of the north of the country; the war for the protection of the Armenian population in Nagorno-Karabakh; the influx of around 300,000 Armenian refugees from Azerbaijan; and the blockade of its railway routes by Turkey and Azerbaijan.

In spite of these challenges, Armenia won the title of “Democracy Island” in South Caucasus in 1995.¹ Unfortunately, since 1996 elections results of all subsequent elections have been contested and rejected by the opposition.²

The largest internal problem of Armenia remains unemployment,³ which is partially caused by the blockade of Armenia by its eastern and two western neighbours.⁴ Corruption also remains at the top of problems that need effective interventions by the authorities and sufficient political will, as well national attention and joint forces.

In terms of corruption, Armenia, after Georgia, has the second lowest level of corruption among Eastern Partnership countries, according to Transparency International’s Corruption Perceptions Index 2013. However, the results of Transparency International’s Global Corruption Barometer 2013 are disturbing, showing that 63 per cent of respondents do not believe that they can make a difference in terms of fighting corruption in Armenia.⁵

Armenia has been member of the Collective Security Treaty Organization since 1992,⁶ and while within the framework of the Eastern Partnership, Armenia was on the verge of signing an Association Agreement with the EU, together with Moldova, Georgia and Ukraine. However, in September 2013, the president announced a major shift in foreign strategy of Armenia,⁷ and as the head of state articulated the wish of Armenia to join the Customs Union.

1 Elizabeth F. Defeis, “Armenian Constitutional Referendum: Towards a Democratic Process,” *Temple International and Comparative Law Journal* 9 (1995): 269. <http://heinonline.org/HOL/Page?handle=hein.journals/tclj9&id=275&div=&collection=journals>.

2 Simon Osborn, *Armenian Presidential Elections September 24, 1996. Final Report*, (OSCE/ODIHR, 1996). <http://www.osce.org/odihr/elections/armenia/14149?download=true>.

3 Mher Baghdasaryan, *The Economic Impact of Opening the Armenian-Turkish Border*, (Norwegian Institute of International Affairs/ Armenian International Policy Research Group, 2012), p. 1-12. <http://www.nupi.no/content/download/284209/992467/file/The%20Economic%20Impact%20of%20Opening%20the%20Armenian-Turkish%20Border,%20Baghranyan%20M..pdf>.

4 The border by Turkey was unilaterally closed in 1993. Turkish Prime Minister Recep Erdogan, in 2009 said this: “Our borders were closed after the occupation of Nagorno Karabakh. We will not open borders as long as the occupation continues. Who says this? The prime minister of the Turkish Republic says this. Can there be any guarantee here apart from this?” Regarding the closed border with Azerbaijan, technically both countries are still in on-going war with each other. See at: Cory Welt, “Turkish-Armenian normalization and Karabakh conflict”, *Perceptions: Journal of International Affairs* 18, no. 1 (Spring 2013): 207-221, 208-209. http://sam.gov.tr/wp-content/uploads/2013/07/C_Welt.pdf.

5 Transparency International, “Global Corruption Barometer 2013 – Armenia”. www.transparency.org/gcb2013/country/?country=armenia.

6 See: www.odkb-csto.org/countries/armenia.php [Accessed 27 June 2014].

7 See: <http://eucentre.am/eu-in-armenia/> [Accessed 30 June 2014].

OVERALL ASSESSMENT OF NATIONAL INTEGRITY SYSTEM OF ARMENIA

The main observation regarding all 13 pillars of the Armenian National Integrity System is that in despite having sufficiently well formulated legislation, there are serious shortcomings in its effective implementation. An example, the National Assembly enjoys limited independence in practice despite having a sufficiently well-developed legal framework aimed at guaranteeing its independence.

The research revealed that the greatest changes since the 2012 Assessment have taken place in the judiciary. There two important findings that affected the assessment of the judiciary included: the Caucasus Barometer 2013 showing that 70 per cent of respondents did not consider the judiciary to be free from the influence of the authorities;⁸ and the Human Rights Defender release of an extraordinary report, based on anonymous interviews of whistleblowers, which described a number of corrupt practices, including the existence of “price-lists” for certain types of judicial acts.⁹

One of the most worrying findings of the research is the extremely low level of prosecution for corruption related crimes. In the first half of 2013, only two cases involving two individuals were adjudicated for bribe taking, and only six files for bribe taking were opened;¹⁰ and for all 31 types of corruption case only 48 cases were adjudicated. This is an extremely low number for a country where the perception of corruption is high, and compared with another former Soviet Union country, Estonia, where 322 corruption crimes were registered in 2013.¹¹

The research also revealed that among pillars, with some exceptions, the main deficiency is the lack of accountability, independence and integrity on the practical level. On the positive side, the level of transparency among the majority of pillars is relatively high. Furthermore, it is clear that the institution of Human Rights Defender, which is assessed for the first time in Armenia within this NIS Assessment, is the least vulnerable to corruption.

Another positive development, which resulted in progress of two different institutions, was the rise of successive civic initiatives. The most significant of these, “Dem em” (I am against) initiative, was about the unwillingness of the population to participate in the new system of cumulative pensions.¹² This initiative was organised by a group of young IT specialists in January of 2014. It attracted huge support from the public and opposition political parties, and according to some reporters resulted in the resignation of the former prime minister, Mr Tigran Sargsyan.¹³ This and other similar initiatives catalysed political parties present in the National Assembly to represent the interests of those groups. In addition to having an impact on political parties, they also illustrated that civil society has become more able to hold the government accountable on certain issues.

8 CRRRC Armenia, *Caucasus Barometer: Public Perceptions on Political, Social, and Economic issues in South Caucasus Countries*, (Yerevan: CRRRC Armenia, 2014), 15. www.crrc.am/hosting/file/_static_content/barometer/2013/CB%202013_Public%20Presentation_Armenian.pdf

9 The Ombudsmen of Armenia, *Fair Trial in Armenia*, (Yerevan: Human Rights Defender in Armenia, 2013), 10.

10 See: www.genproc.am/upload/File/Korupcion%20hanc_-hetaqnnutyanyan%20ev%20naxaqnnutyanyan%20ardyunqneri%20masin%202013%201-in%20kisamjak.pdf [accessed 19 June 2014].

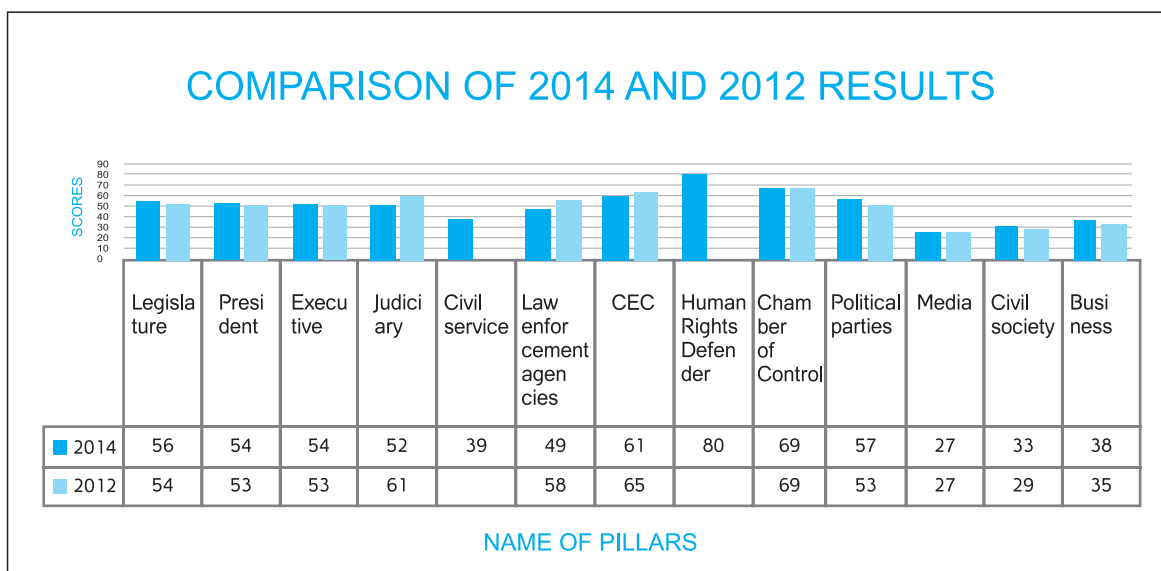
11 MaRI-LIIS SoeT, *Estonian Corruption Statistics in 2013* (Talin: Justiitsministeerium, 2014). www.korruptsioon.ee/sites/www.korruptsioon.ee/files/elfinder/dokumendid/korruptsiooni_statistika_2013.pdf

12 For more see Zareh Asatryan, “The Political Economy of Pension Reform in Armenia,” *Caucasus Analytical Digest* 60 (31 March 2014): 2-5. www.css.ethz.ch/publications/pdfs/CAD-60-2-5.pdf.

13 See: <http://reporter.am/go/article/2014-04-03-armenia-s-prime-minister-resigns> [accessed on 27 June 2014].

PROGRESS OF PILLARS

Within the framework of the project 13 different pillars were assessed. Below is the table on the scores of each of the pillars. Of the 13 pillars, 11 were also assessed during the 2012 Assessment. Only the “Human Rights Defender” and the “civil service” pillars were assessed for the first time in 2014.



PILLARS THAT HAVE PROGRESSED SINCE THE 2012 ASSESSMENT

Slight progress was registered for three pillars (the “legislature”, “president”, and “business”) by up to two points, while two pillars, “political parties” and “civil society”, registered tangible progress by up to four points.

The legislature: The legislature continues to be characterised by a strong legal and constitutional framework, securing its proper and independent functioning. On the practical side, its main strength continues to be its high level of transparency. However, still it lacks a proper level of practical independence. The legislature continues to have MPs who are at the same time wealthy businessmen and continue their entrepreneurial activities.

The president: The president, as an institution, can be considered the strongest one in terms of enjoying independence in practice. The transparency of the president pillar continues to be not high enough, due to lack of transparency of the President’s Oversight Service, which does not report to the public on an annual basis. A positive development since 2012 is the change of occupation of the president’s son-in-law, who now represents the interests of Armenia in the Vatican Holy See. Previously he occupied the position of deputy head of staff and allegedly had an important impact on “backdoor politics”, while now he occupies a position that can be viewed as a positive move towards meritocracy, because he has perfect knowledge of Italian and Italian education.

The executive: As of 2012, the executive continues to have both a moderate legislative framework and practical performance, in terms of actively pursuing its anti-corruption agenda. Its main strength is

its level of transparency, while its main weakness continues to remain integrity. The registered progress is mainly conditioned with the extensive reforms in the field of the internal audit system.

Business: The legal environment for the proper operation of business is being constantly reviewed and can be classified as well developed, although not ideal. The pressure of regulations on businesses is still very high, and property rights, including intellectual property rights, are still not adequately protected in practice. Still, only a fifth (18 per cent) of business entities follow the regulations on corporate governance and most importantly, business in Armenia is still not properly engaged in the anti-corruption fight.

Political parties: The main shortcoming of political parties continues to be the lack of effective internal democratic mechanisms. As one local expert put it, political parties in Armenia are mainly about supporting the leaders of parties.¹⁴ The culture of reporting to constituencies and the public is poorly developed, and political parties do not provide comprehensive annual reports to the public about their activities. However, during the period under focus, opposition political parties present in the National Assembly showed some progress in terms of properly representing the interests of society. In this regard, a notable development was supporting the civic initiative “Dem em” (I am against), which protested the introduction of a new mandatory pension system.

Civil society: This pillar continues to remain one of the most vulnerable to corruption. In all aspects of practical performance, it scored low in both the 2012 and 2014 assessments. Although there are some organisations whose operations follow the best international standards, the general picture is rather weak and it could be said that that civil society is still in the process of formation. In spite of this, since 2012 notable progress was registered. In a number of civil initiatives, such as one noted above and others (the “Masthoc Park Initiative” and “We will not pay 150 drams”), civil society achieved notable results.

PILLARS THAT HAVE REGRESSED SINCE THE 2012 ASSESSMENT

There are three pillars that have regressed since 2012: the “judiciary” and “law enforcement agencies” registered a substantial decrease in scores, while the “Central Electoral Commission” registered a slight decrease.

For law enforcement agencies, the main indication of regress was the extremely low number of corruption prosecutions for the first half of 2013. In the case of the judiciary, the extraordinary report of Human Rights Defender had a decisive impact, which showed corruption schemes operating within the system. As for the Central Electoral Commission, the decrease was as a result of election administration, although the decrease was not as substantial as it was for the other two pillars.

Judiciary: Although the judiciary has well developed legislation for its own functioning (with some exceptions), it remains one of the most problematic pillars in the NIS. While from the operational side, the level of transparency of judiciary is adequate, in terms of its practical independence, accountability and integrity it is far from considered a strong institution which enjoys legitimacy in the eyes of the public. The Caucasus Barometer 2013 suggests that 70 per cent of respondents consider the judiciary as not a free institution.¹⁵

¹⁴ Ara Nedolyan, “Political Parties Before, During and After the Elections of 2012–2013,” *Caucasus Analytical Digest*, no. 53–54 (17 July 2013), 1..

¹⁵ CRRC Armenia, *Caucasus Barometer 2013*, 15.

Law enforcement agencies: Law enforcement agencies also enjoy an adequate legal framework, but weak practical performance, especially in fighting corruption. The newly created Investigation Committee could play a major role within the framework of prosecuting corruption. However, as it was only created in June 2014, it is too soon to analyse its performance.

Central Electoral Commission: This body is characterised by well-developed legislation. The most notable characteristic of the Central Electoral Commission is its high level of transparency with a very user-friendly official website. It is one of the only pillars that enjoys adequate resources. However, in terms of independence, accountability and integrity, there is still room for major improvements in order to increase public trust in the overall fairness of the conduct of elections. Nevertheless, it must be noted that during the 2012 and 2014 assessments, it is considered one of the strongest pillars.

PILLARS THAT HAVE REMAINED THE SAME SINCE THE 2012 ASSESSMENT

Two pillars did not register any tangible progress or regress between 2012 and 2014: the Chamber of Control and the media. Of the two newcomers to the NIS Assessment, the Human Rights Defender, registered the best result, while civil service did not receive a very positive assessment.

Chamber of Control: This remains one of the strongest pillars. Although, the practical independence of the Chamber remains moderate, the levels of transparency, accountability and integrity are high. It continues to fulfil its mission adequately, although it could register progress.

Media: This pillar continues to remain one of the weakest. For all aspects, it has low levels of performance and the legislation governing the media is rather weak and poorly developed. Although there is a diversified media, TV as a medium remains dominant and has demonstrated a lack of diversity and freedom.

PRIORITY RECOMMENDATIONS

1. To make a reality the distinction between business and high-level public officials. To introduce administrative liability for such types of actions as well against those who are aware of such practices but don't report them.
2. To increase the practice of establishing temporary committees and provide them with adequate investigative functions. To introduce the duty of the NA to form a temporary committee, within a one month period, in cases where citizens make a significant petition.
3. To enhance prosecution of corruption offenses, in view of the fact that the results of 2013's 1st half statistics are extremely low.
4. Reintroduce mechanisms for citizens residing abroad to exercise their electoral rights
5. To make the Chamber of Control more independent, by considering providing constitutional immunities for the members of the Chamber and altering the relevant legislation with the aim of removal of vague grounds for resignation by members of the Chamber.

IV. PROFILE OF CORRUPTION IN ARMENIA

“Corruption is worse than prostitution. The latter might endanger the morals of an individual, the former invariably endangers the morals of the entire country.”

–Karl Kraus, Austrian satirist, 1874–1936

“It is not power that corrupts but fear. Fear of losing power corrupts those who wield it and fear of the scourge of power corrupts those who are subject to it.”

– Aung San Suu Kyi, Nobel Peace Prize Winner 1991 who couldn't receive prize in person, because she was detained by authorities of Burma

The face of corruption in Armenia features both petty and political corruption. Political corruption is evident through the so-called “oligarchs”, who at the same time enjoy the fruits of a “shadow economy”. According to the International Monetary Fund, the informal economy accounts for around 35 per cent of Armenia’s GDP.¹⁶ Political corruption can also be observed through “controlled corruption”, whereby “the ruling elite have a relatively strict control of the processes and proceeds of corruption”.¹⁷ In this regard, Bertelsmann Stiftung noted:

“In theory, democratic institutions exist in Armenia. In practice, paternalism of ruling elites, corruption and patron-client networks make them inefficient. While most of the state’s ministries and departments are in hierarchical subordination to the executive and have little room in practice for independent institution-building, relatively liberal institutions exist at regional and municipal levels of administration.”¹⁸

However, systemic or endemic corruption does not appear to be widespread in Armenia, even though it has been noted that, “systemic corruption is a pervasive legacy of Soviet rule”.¹⁹

International indices that measure different aspects of a state’s political, economic and social life, provide a mixed picture of corruption in Armenia. For example, according to the World Bank’s Worldwide Governance Indicator the score for “Control of corruption” improved in 2012. In 2011, the granted score for Armenia was 32.7, while in 2012 it became 36.4 on a scale of 0-100,²⁰ which represents a modest improvement.

A slight increase was also observed under Global Competitiveness Index, produced by World Economic Forum. The overall rank of Armenia in 2013–2014 Index is 79, while in 2012–2013 it was

¹⁶ Yasser Abdih and Leandro Medina, *Measuring the Informal Economy in the Caucasus and Central Asia*. International Monetary Fund, 2013, 3. www.imf.org/external/pubs/ft/wp/2013/wp13137.pdf.

¹⁷ U4 Resource Center, operated by Christen Michelsen Institute (Norway). www.u4.no/glossary/controlled-vs-uncontrolled-corruption/#sthash.Xcokrs6O.dpuf [Accessed 15 June 2014].

¹⁸ Bertelsmann Stiftung, *BTI 2014-Armenia Country Report* (G tersloh: Bertelsmann Stiftung, 2014),

¹¹. www.bti-project.org/fileadmin/Inhalte/reports/2014/pdf/BTI%202014%20Armenia.pdf.

¹⁹ Christoph H. Stefes, “Measuring, Conceptualizing, and Fighting Systemic Corruption: Evidence from Post-Soviet Countries,” *Perspectives on Global Issues* 2, no. 1 (2007): 6. www.perspectivesonglobalissues.com/0201/articles0201/MeasuringConceptualizingFightingSystemicCorruption.pdf.

²⁰ World Bank, *Worldwide Governance Indicator: Country Data Report for Armenia, 1996-2013*, (The World Bank Group, 2014). <http://info.worldbank.org/governance/wgi/index.aspx#countryReports>.

82.²¹ Within this index, Armenia also registered a slight improvement on “Irregular payments and bribes”. In 2012–2013, the score was 3.7, while for the period of 2013–2014 it became 3.8: from 82 it climbed to 75 in the rank. However, both “corruption” and “inefficient government bureaucracy” were considered among top three most problematic factors for doing business, according to this index.

Over the same period, according to Transparency International’s Corruption Perceptions Index, in 2012, Armenia was at 105 in the ranking with score of 34, while in 2013, the rank was 94 and the score 36.²²

On the other hand, according to Freedom House’s Nations in Transit, the “Control of corruption” indicator is in stagnation and stands at 5.25 points. Armenia is characterised as a “Semi-consolidated authoritarian regime”.²³

Nevertheless, the findings of Transparency International’s Global Corruption Barometer 2013 are disturbing: 63 per cent of respondents think that ordinary people cannot bring changes in the fight against corruption.²⁴ This number is concerning and can be used as evidence of the almost total negligent approach to involve public in the anti-corruption fight, in order to give the people a sense of ownership in the effective and successful fight against corruption.

Another interesting result revealed by the Barometer is that 21 per cent of respondents think that corruption has increased a lot, 22 per cent that it has increased a little, and 39 per cent that it has stayed the same. The institution that was perceived as the most corrupt, according to respondents, is the judiciary with 63 per cent.

According to Caucasus Barometer 2013, only 5 per cent of respondents mentioned corruption as the most important issue faced in Armenia.²⁵ Global Corruption Barometer reported that 24 per cent of respondents mentioned that during the last 12 months they gave bribe to medical and health services. While, according to Caucasus Barometer only 4 per cent of respondents in Armenia mentioned that they paid bribe, when accessing any service. For comparison, the same question was answered positively by 1 per cent respondents in Georgia, and by 24 per cent of respondents in Azerbaijan.²⁶

In 2013, an independent professional non-profit organisation, Policy Forum Armenia, produced a report that claimed rough estimates of the overall budgetary leaks combined with losses from the revenue side are in excess of US\$750 million per year.²⁷ It also claimed that Armenia’s GDP could have been 55 per cent higher than it was in 2013, or US\$16.4 billion instead of US\$10.5, if Armenia would consistently have a level of governance comparable to Botswana and Namibia.²⁸ At the same time the report noted:

“While these estimates are arguably rough and cannot possibly account for all the complex factors that are at play when measuring the impact of rampant corruption on growth, they nevertheless provide good ballpark estimates of losses due to corruption and are likely to be at the lower bound of Armenia’s foregone aggregate wealth and output since independence.”²⁹

21 Klaus Schwab, *The Global Competitiveness Report 2013–2014*, (Geneva: World Economic Forum, 2013), 15. http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf.

22 Transparency International, “Global Corruption Barometer 2013 – Armenia”.

23 Aleksandr Iskandaryan, *Nations in Transit 2014: Armenia*, (Freedom House, 2014). http://freedomhouse.org/report/nations-transit/2014/armenia#.VDVfe_mSxmb.

24 Transparency International, “Global Corruption Barometer 2013 – Armenia”.

25 CRRC Armenia, *Caucasus Barometer 2013*, 16.

26 CRRC Armenia, *Caucasus Barometer 2013*, 20.

27 Policy Forum Armenia, *State of the Nation Report: Corruption in Armenia*, (Policy Forum Armenia, 2013). www.pf-armenia.org/sites/default/files/documents/files/PFA_Corruption_Report.pdf.

28 Ibid., 39.

29 Ibid., 41.

V. ANTI-CORRUPTION ACTIVITIES

The National Assembly has not adopted any specific anti-corruption laws, since the 2012 National Integrity System Assessment. As was noted in the 2012 Assessment, the second Anti-corruption Strategy of Armenia was for the period of 2009–2012. Since the completion of this Strategy, the government has not produced a publicly available report on its implementation status, or on any findings and results, or lessons learnt.

Since 2012 Armenia has not had a holistic anti-corruption strategy. However, on 10 April 2014 the government's protocol decision no. 14 was adopted, "Concept on the fight against corruption in the public governance system". A working group produced this concept; members of the group included representatives of the government and the Ethics Commission for High-Level Public Officials, as well two representatives of Transparency International Anti-corruption Center NGO Armenia (TI AC).

The concept comprises three parts: general provisions; conceptual problems; and mechanisms for securing implementation of the concept.³⁰ Under "conceptual problems", the following topics are analysed: formation of public servants with integrity; formation of effective public governance system; formation of transparent and accountable governance system; and formation of participatory governance system. In addition, the government, designated four sectors which will be a particular focus of the future anti-corruption strategy: education; healthcare; collection of state revenues; and police for the services provided to citizens.

Since 2012, the Ethics Commission for High-Level Public Officials has become fully operational, and from the legal point of view all decisions related to breaching rules of ethics or conflicts of interest, were grounded and properly justified. This Commission still lacks proper resources and legal powers to fight corruption rigorously: it is still located in the building of president's staff and its staff is composed of just one assistant. Besides, it is not granted with powers of administrative sanctioning.

Regarding prosecution of corruption, the situation is far from satisfactory. In the first half of 2013, only two cases involving two individuals were adjudicated for bribe taking. Moreover, during the same year no files for bribe giving were opened and only six files for bribe taking.³¹ This number alone is enough to claim that the corruption prosecution is far from being considered at least at a minimum level. In addition, for all 31 types of corruption case, during the first half of 2013 only 48 cases were adjudicated. Again, this number is extremely low, suggesting that corruption is not being fought by law enforcement agencies properly. Compared with other post-Soviet countries it is very low. For example, in Estonia, which shares similarities with Armenia in terms of common Soviet legacy and comparable sizes of territory and population, 2013 registered 322 corruption crimes.³²

Since 2012, the Anti-corruption Council, a body responsible for national anti-corruption policy formation, has not conducted any meetings. An exception among state institutions is the Human Rights Defender, which in 2013 produced a report on the situation of the judiciary, which described the bribes for each level of judges.

30 Electronic Government of the Republic of Armenia, "Government Session Agenda", 10 April 2014. www.e-gov.am/sessions/archive/2014/04/10/ [Accessed 15 June 2014].

31 See: www.genproc.am/upload/File/Korupcion%20hanc_-hetaqnnutyann%20ev%20naxaqnnutyann%20ardyunqneri%20masin%202013%201-in%20kisamjak.pdf [Accessed 22 June 2014].

32 MaRI-LIIS SooT, *Estonian Corruption Statistics in 2013*.

A few civil society organisations remain active in the fight against corruption, including TI AC. The Armenian Young Lawyers Association together with the Freedom of Information Center NGO started to implement an EU funded project “Multi-faceted anti-corruption promotion”, in March 2014.³³ In 2014 the Investigation Committee was created, which basically replaces the role of police and defence sector’s investigator in conducting preliminary investigations. Most likely, it will be headed by the former Prosecutor General Mr Aghvan Hovsepyan.

³³ See: <http://eunewsletter.am/eu-armenia/multi-faced-anti-corruption-promotion> [Accessed 14 June 2014].

VI. FOUNDATIONS OF NIS

POLITICAL-INSTITUTIONAL FOUNDATIONS

To what extent are the political institutions in the country supportive to an effective national integrity system?

2012 score – 50

2014 score – 50

According to the 2012 Assessment, political competition in Armenia was considered weak, and despite having a coalition government it was observed that the results of competition for government offices was based on the final will of the president.

On the issue of civil rights, it was noted that Freedom House for the period of 2011-2012 gave 4 points out of 7 (1 the best, 7 the worst) to Armenia for civil liberties. It was also observed that during 2011, the number of non-combat deaths in Armenia reached serious levels. Regarding the “Rule of law”, it was assessed as weak, although there were no fields in which the government lacked effective control.

Since the 2012 Assessment, a number of changes have taken place. First of all, the coalition government ceased to exist on 16 April 2014,³⁴ when the junior coalition partner “Rule of Law Country” left, making the Republican Party singly responsible for governing the country. As Bertelsmann Stiftung observes: “the political system in Armenia continues to remain rigid, closed and seriously impeded by entrenched corruption and political patronage”.³⁵ As in the 2012 Assessment, the Bertelsmann Stiftung’s Transformation Index (BTI) considers that Armenian authorities have virtually unchallenged authority.³⁶

In regard to most trusted institutions, which were researched during the 2012 Assessment and are discussed in this report, the picture changed. In 2012, according to the Caucasus Barometer the top five most trusted institutions were local government (with 35 per cent trust), followed by the police (30 per cent), the Human Rights Defender (29 per cent), president (28 per cent) and the media (25 per cent).³⁷

In 2013 the picture is the following.³⁸ The local government keeps its leader’s role with the same 35 per cent; the police keep its 30 per cent, but change places with Human Rights Defender, which registered a 2 per cent increase in trust and now occupies the second position place with 31 per cent.

³⁴ See: <http://civilnet.am/oek-coalition/> [Accessed 16 June 2014].

³⁵ Bertelsmann Stiftung, *BTI 2014*, 5.

³⁶ Thanks in part to fundamental flaws in the country’s closed political system and the absence of free and fair elections, the Armenian authorities have typically held virtually unchallenged power and authority, despite public demands for change. See at: *Ibid.*, 8.

³⁷ CRRRC Armenia, *Caucasus Barometer: Public Perceptions on Political, Social, and Economic issues in South Caucasus Countries*, (Yerevan: CRRRC Armenia, 2013), p. 10. http://www.crrc.am/hosting/file/_static_content/barometer/2012/CB_2012_Presentation_eng.pdf.

³⁸ CRRRC Armenia, *Caucasus Barometer 2013*, 18

The situation is interesting also in regard to the president and media. The president dramatically lost 9 per cent and now has 19 per cent and became the fifth most trusted, while media registered a 1 per cent increase and with 26 per cent now occupies the fourth place.

According to Fragile States Index 2014, for the indicator of “Public services”, Armenia scored 4.4 out of 10, where the 10 is the worst result.³⁹ Neighbouring Georgia scored 5.1 and Azerbaijan 5.3. The same positive picture is portrayed for the pillar of “Legitimacy of the state”: Armenia has 6.7, while Georgia has 8.7 and Azerbaijan has 8.3.

Regarding civil rights, Freedom House’s Freedom in the World score of 4 in 2011 remained the same in 2013 and 2014.⁴⁰ According to Bertelsmann Stiftung:

“Overall, the protection of civil rights in Armenia has remained incomplete and far too arbitrary, with deficiencies mainly due to the weak and arbitrary application of the rule of law... One exception has been the institution of the Human Rights Defender, which has actively challenged the state’s lack of protection and even violation of civil liberties.”⁴¹

The 2012 Assessment identified a trend of newspapers being sued for defamation cases and being ordered by the courts to pay huge fines as compensation for moral damages. In comparison with 2012, libel lawsuits where the courts based on the claims of claimants were subjecting newspapers to huge fines has ceased.⁴² Nevertheless, as Bertelsmann Stiftung reports Armenia still has a weak rule of law,⁴³ according to Worldwide Governance Indicator’s project, the score for the “Rule of law”, on a scale of 0-100 registered progress from the period of 2011-2013: 42.3 in 2011, 43.1 in 2012, 45.0 in 2013.⁴⁴

In view of the fact that both improvements and deteriorations have been registered in almost equal measure for this indicator, the score remains the same.

SOCIO-POLITICAL FOUNDATIONS

To what extent are the relationships among social groups and between social groups and the political system in the country supportive to an effective national integrity system?

2012 score – 25

2014 score – 25

The 2012 Assessment observed that the largest national minority in Armenia are Yezids followed by Russians and Assyrians. It was observed that there was a friendly attitude towards national minorities, but not towards sexual minorities. It was mentioned that political parties were not able to represent diverse interests of all layers of society.

39 The Fund for Peace, *Fragile States Index 2014*, (The Fund for Peace, 2014). <http://ffp.statesindex.org/rankings-2014>.

40 Freedom House, *Freedom in the World 2014: Armenia*, (Freedom House, 2014). <http://freedomhouse.org/report/freedom-world/2014/armenia-0#.VCVGZG2wTy8>.

Freedom House, *Freedom in the World 2013: Armenia*, (Freedom House, 2013). <http://freedomhouse.org/report/freedom-world/2013/armenia#.VCVGxm2wTy8>.

41 Bertelsmann Stiftung, *BTI 2014*, 9.

42 A 2011 recommendation by the Constitutional Court that courts avoid levying disproportionately heavy fines in libel and defamation cases resulted in smaller damages awarded to those who sued media outlets. See more at: John F. Kerry, Preface to the 2013 Country Reports on Human Rights Practices, (Bureau of Democracy, Human Rights and Labor, 2013). www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper.

43 Bertelsmann Stiftung, *BTI 2014*, 10.

44 World Bank, *Worldwide Governance Indicator*, 6.

Since the 2012 Assessment tangible developments have occurred in two spheres. On the one hand there has been a large influx of Armenians from Syria, due to the on-going civil war. According to the head of a local NGO-Center for Coordination of Problems of Syrian Armenians, there were almost 11,000 Syrian Armenians by December 2013.⁴⁵ On the other there was the release of conscientious objectors to military services and the adoption of the new legal regulations in this regard. The European Commission against Racism and Intolerance (ECRI) in its “Conclusions on the implementation of the recommendations in respect of Armenia subject to interim follow-up”, dated 5 December 2013, noted:

“The Republic of Armenia amended its Law on Alternative Service in May 2013. With the implementing regulations adopted in July 2013, the law now gives conscientious objectors the right to perform an alternative service in place of compulsory military service in accordance with ECRI’s recommendations. The length of alternative service is now 30 months instead of 36 in the case of alternative military service and 36 months instead of 42 in the case of alternative civilian service. The law also prohibits all military supervision of alternative civilian service. In May 2013 the Republic of Armenia also amended its law implementing the Criminal Code by providing for criminal proceedings against conscientious objectors to be discontinued, those imprisoned to be released and their criminal records to be expunged.”⁴⁶

The ECRI also observes that no conscientious objector has been prosecuted or imprisoned since the new law came into force and that there are no more Jehovah’s Witnesses being held in prison.⁴⁷ This is also confirmed by Freedom House: “By November, all of the members of the Armenian Jehovah’s Witnesses community who had been imprisoned for their conscientious objection to military service were released”.⁴⁸

The situation of religious minorities since 2012 has improved a little. However, according to the Human Rights Defender, some religious groups are manipulating citizens by providing fake information and putting pressure are targeting the most vulnerable groups of society.⁴⁹ These religious groups are using material and psychological dependence of vulnerable people to recruit them, as well using psychological pressure on other members to make charitable contributions. Based on these findings, the Human Rights Defender has suggested to stipulate in the legislation the term “Non proper proselytism”, which will prevent the manipulation of people by exploiting their material position and psychological vulnerabilities. The most disadvantaged group in the society continues to remain LGBT people.⁵⁰

Armenia registered a one rank decrease in the Human Development Index, from 86 to 87, although the score increased from 0.728 to 0.730.⁵¹ Inequality score increased from 0.639 to 0.655. The

45 See: www.tert.am/am/news/2014/01/05/lena-alajyan/ [Accessed 15 June 2014].

46 ECRI. *ECRI Conclusions on the Implementation of the Recommendations in respect of Armenia Subject to Interim Follow-up* (Strasbourg: Council of Europe, 2013), 5. www.coe.int/t/dghl/monitoring/ecri/Country-by-country/Armenia/ARM-IFU-IV-2014-003-ENG.pdf.

47 Ibid.

48 Freedom House, *Freedom in the World 2014: Armenia*.

49 RA Human Rights Defender, *Annual Report: On the Activities of the RA Human Rights Defender and on the Violations of Human Rights and Fundamental Freedoms in the Country during 2013*, (Yerevan: Human Rights Defender, 2014), 386. <http://ombuds.am/article/1156>.

50 “Sexual orientation and gender identity remain highly controversial issues in Armenia”. See at: Amnesty International. *Armenia: No Space for Difference*, (London: Amnesty International Publications, 2013). www.amnesty.org/ar/library/asset/EUR54/001/2013/en/6d6a852f-6494-4ef5-bc13-1373f154e0de/eur540022013en.pdf.

51 See: <http://hdr.undp.org/en/countries/profiles/ARM> [Accessed 15 June 2014].

situation regarding civil society remained the same, as well the closed structure of political system. Please consult pillars of “Civil society” and “Legislature” of this report for further details.

Regardless of the few changes since the 2012 Assessment, they are not significant enough to justify changes in the scoring. Improvements in religious freedom suggest a possible increase in score. However, this is offset by the increase in migration from the country.

SOCIO-ECONOMIC FOUNDATIONS

To what extent is the socio-economic situation of the country supportive to an effective national integrity system?

2012 score – 25

2014 score – 25

The 2012 NIS Assessment provided a thorough picture of country’s economic and social figures, the state of affairs in the health care sector, as well the issues pertaining to infrastructure and environment. It was particularly noted that poverty and inequality throughout 1990s resulted in such social losses as polarisation of society, destruction of social capital and formerly built social networking, which in turn resulted in a lack of trust in public administration and alienation of the majority of the public from political decisions.⁵² It was also observed that as reported by the Foreign Policy Center, the import market for goods, such as basic foodstuffs, was dominated by the so called “oligopolistic” players, which made it difficult for new businesses to enter the market.

According to the World Bank, tGDP has grown in recent years: in 2010 it was US\$9.37 billion, while in 2013 it became US\$10.43 billion.⁵³ In 2013 alone GDP grew by 3.5 per cent. According to the World Bank, poverty levels also appear to have reduced: in 2010 poverty was at 35.8 per cent, in 2011 it fell to 35 per cent, while in 2012 the figure reached 32.4 per cent.

The income Gini coefficient for 2011 was 30.9, according to the Human Development Report, and in 2013 it became 31.3. According to the same source, value for the “Inequality adjusted income index” for 2011 was 0.504, while in 2013 it became 0.567, and “Life expectancy at birth” was 74.2 years, while in 2013 it became 74.6. In other words some progress has been made.⁵⁴

The 2012 Assessment, presented the State Statistical Service’s 2010 statistics on healthcare issues. In 2013, it published its findings for 2012: compared to the 30.5 per cent figure in 2010, in 2012 32.7 per cent of people went for a consultation due to illness. In the capital city, the number of people requesting consultations was more frequent (36.2 per cent in 2010, 38.9 per cent in 2012). On the positive side, also the percentage of consultancies in rural areas has been worsened: in 2010 it was 22.2 per cent, in 2012 it was 26.2 per cent.

The 2012 Assessment mentioned that in case of illness only 21.4 per cent of poor people applied for consultancy or treatment, 1.2 per cent of extremely poor, and 35.3 per cent of not poor. According to

52 Karapetyan et al., *Armenia: Social Protection and Social Inclusion. Country Report* (Yerevan: CRRG-Armenia/ Eurasia Partnership Foundation, 2011), 96. www.crrc.am/hosting/file/_static_content/projects/social_protection_inclusion/Armenia_Social_Protection_and_Social_Inclusion_Full_Country_Report_2011.pdf.

53 For more see: <http://data.worldbank.org/country/armenia> [Accessed 16 June 2014]

54 United Nations Development Programme. *Human Development Report 2014: Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience* (New York: UNDP, 2014), 161. <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>.

2012 statistics these numbers have changed: the number of not-poor applicants has grown to 36.2 per cent, as well the number of poor applicants (25.1 per cent). Most interestingly, the number of extremely poor applicants dramatically was increased: from 1.2 per cent to 20.7 per cent.

The 2012 Assessment observed that the top three reasons for not applying for medical consultancy or treatment were: the disease not being serious (37 per cent); the individual used self-treatment (33 per cent); and lack of finances (28 per cent). These numbers according to new 2012 statistics had dramatically changed. The main reasons for not applying to primary healthcare facilities were self-treatment (47 per cent) and lack of finance (22 per cent), while number of those who considered the disease as not serious became 10.6 per cent.

In this and the 2012 Assessment the same source of data was used to assess adequate shelter and housing. According to it, 90.7 per cent of households were owners of their dwellings. In the countryside most people were living in detached houses (90.5 per cent), while in cities, 70.4 per cent of the people were living in condominiums. As of 2012, most of the households in Armenia (91.1 per cent) owned their homes. Multi-apartment buildings were most common in urban communities – with 68.8% share in total dwelling, whereas private houses with 94.7% share in total dwelling dominated in rural communities. In the 2012 Assessment, it was also mentioned that in places of temporary residency mostly inhabited poor people (5.6% of all poor and 4.2% of extremely poor). Under new statistics it is mentioned: “The proportion of residents of hostels, temporary dwellings and other abode was 4.5% in both urban and rural communities. Most of the people living in temporary dwellings were poor and belonged to the first consumption quintile”.⁵⁵

In the 2012 Assessment, 34.6 per cent of poor and 42.4 per cent of extremely poor people complained of inadequate floor space. Under the new statistics, 25.4 per cent of poor people and 35.5 per cent of extremely poor people complained for insufficient living space. In addition, according to new statistics, among those who complained for bad lighting 13.1 per cent were poor and 22.7 per cent were extremely poor. During the previous assessment, among those who complained from bad heating 53.7 per cent were poor people, while under new statistics among complainers against poor hearing 46.1 per cent are poor and 59.1 per cent are extremely poor. According to new statistics among those who complained against dampness 31.7 per cent were poor people and 45.6 per cent extremely poor; against roof leakage, 17.9 per cent were poor people and 29.6 per cent extremely poor; against broken walls and floor, 30.2 per cent were poor people and 40.5 per cent extremely poor; against provision of water, 22.6 per cent were poor people and 26.3 per cent were extremely poor; against poor garbage disposals, 16.7 per cent were poor people and 16.3 per cent were extremely poor. According to new data, the average occupancy rate of a one-room apartment was 2.4 persons and occupancy rates differed by poverty status.

In the 2012 NIS Assessment, it was noted that the percentage of the population in Armenia, who use improved drinking water sources was 96 per cent. According to the 2013 data of the same statistics, now Armenia is <2, which means that annual average rate of decline in proportion of population without access to improved drinking-water sources is less than 2 per cent and is on the same level with the most EU countries, while its immediate neighbours (Georgia and Azerbaijan) are not on the same track.⁵⁶

⁵⁵ See: www.armstat.am.

⁵⁶ World Health Organization, World Health Statistics 2013 http://apps.who.int/iris/bitstream/10665/81965/1/9789241564588_eng.pdf?ua=1 , page 33

According to UNICEF, 5 per cent of children under five years old are underweight. For comparison in neighbouring Georgia it is 1 per cent and in Azerbaijan it is 8 per cent. The worst result is registered in Timor-Leste at 45 per cent, India and Yemen-both 43 per cent. In the 2012 Assessment, it was mentioned that according to 2011 Hunger Report, prepared by the Bread for the World Institute, the proportion of the population below minimum level of dietary energy consumption was 22. Unfortunately, in new 2013 Hunger Report, this indicator is missing. However, this new report has such indicators as “% of total population”. According to, it Armenia is <5.⁵⁷

In the 2012 Assessment it was observed that according to Global Hunger Index 2010, score of Armenia for 2010 was 9.8 while Georgia’s was 5.5 and Azerbaijan’s 7.7.⁵⁸ In 2011 Armenia’s score decreased to 9.5, while Georgia’s and Azerbaijan’s scores have become less than 5.⁵⁹ In 2013, according to the same index, the situation of Armenia dramatically improved and now it is one of the countries with scores less than 5.⁶⁰

According to USAID “About 72 percent of all social benefits are paid to pensioners, leaving very little for other programs”.⁶¹ The observation of the BTI 2012 on the over-dependence on external remittances in Armenia remained the same:

“Although the state provides the basic elements of a social safety net, the general overdependence on external remittances and serious appreciation in the national currency’s value (which by extension lowered the exchange value of the dollar, the euro and the ruble, the most common currencies used for remittances) have reduced the value and adequacy of the social safety net for most families”.⁶²

Since January 2014 Armenia has been implementing large scale pension reforms. It is changing its current its pay-as-you-go system into multi-pillar system, according to which the salary of young people will be charged more money as savings for their future pension, which together with the amount the state will provide, will be provided to private funds to use them until s/he is retired. This reform caused mass protests, but it will be fully implemented in July 2017 for people born after 1974.

For the period 2011–2012 the Global Competitiveness Index for infrastructure ranked Armenia as 77 among 142 countries with 3.8 points. For the period of 2013–2014, it ranked Armenia 80, but the points remained the same 3.8. For the quality of roads, it ranked Armenia as 92, while for the period of 2013–2014 it was ranked at 82. For the quality of railroad infrastructure it was ranked the same the same at 69. On the positive side, for the quality of air transport infrastructure there was registered progress: in the period of 2011–2012 Armenia was 74, but in 2013–2014 ranked 66.⁶³

The number of Internet users, since the 2012 Assessment has grown significantly: from 1,396,550 to 1,877,548 in 2013, as well the percentage of penetration increasing from 47.1 per cent to 58.8 per cent. Ranks of Armenia for fixed telephone lines and mobile telephone subscriptions, within Global

57 Bread for the World Institute. *Within Reach: Global Development Goals, 2013 Hunger Report* (Washington: Bread for the World Institute, 2012). www.hungerreport.org/2013/wp-content/uploads/2013/03/Hunger-Report-2013-lowrez.pdf.

58 IFPRI. *Global Hunger Index: The Challenge of Hunger: Focus on the Crisis of Child Undernutrition* (Bonn: IFPRI, 2010), 17. www.ifpri.org/sites/default/files/publications/ghi10.pdf.

59 IFPRI. *Global Hunger Index: The Challenge of Hunger: Taming Price Spikes and Excessive Food Price Volatility*, 17 (Bonn: IFPRI, 2011). www.ifpri.org/sites/default/files/publications/ghi11.pdf.

60 IFPRI. *Global Hunger Index: The Challenge of Hunger: Building Resilience to Achieve Food and Nutrition Security* (Bonn: IFPRI, 2013), 15. www.ifpri.org/sites/default/files/publications/ghi13.pdf.

61 USAID/Armenia. *Country Development Cooperation Strategy FY 2013-2017* (USAID/Armenia, 2013), 10. www.usaid.gov/sites/default/files/documents/1863/Armenia-CDCS.pdf

62 Bertelsmann Stiftung, *BTI 2014*, page 19

63 Here and after Klaus Schwab, *The Global Competitiveness Report 2013–2014*, (Geneva: World Economic Forum, 2013) 109

Competitiveness Index 2011–2012 were 69 and 33 respectively. According the 2013–2014 Index the ranks were 65 and 80 respectively.

Overall, the score for the period of 2013–2014 is 4.1 with the rank of 79 among 148 states. The situation regarding effectiveness of the anti-monopoly policy has improved: under 2013–2014 Index it moved from rank 138 to 97. However, there is still strong evidence that so-called “oligopolistic” players dominate import market for goods.

The score remains unchanged, because improvements have not been significant in nature or dramatically changed the situation.

SOCIO-CULTURAL FOUNDATIONS

To what extent are the prevailing ethics, norms and values in society supportive to an effective national integrity system?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that according to a survey conducted by CRRC only 50 per cent of Armenians trust friends, neighbours and relatives as sources of information.⁶⁴ It was also mentioned that public television is at the same time the most trusted and distrusted source of information and that society was in a state of apathy.

Today, the situation of apathy remains dominant. According to Global Corruption Barometer 2013, 41 per cent do not think that an ordinary citizen can make a difference in the fight against corruption, and 22 per cent strongly disagree with this statement, which makes Armenia one of the most apathetic societies in the world with regards to the fight against corruption.⁶⁵

Regarding trust toward friends, neighbours and relatives as a source of information, there is a slight increase of 3 per cent, compared with 2011.⁶⁶ Moreover, according to the Caucasus Barometer 2013, only 47 per cent of respondents in Armenia felt that democracy is preferable to any other kind of government.⁶⁷ In view of the presented information the score remains the same as in 2012.

64 Katy Pearce, *Armenian Media Landscape: Formative Research for the Alternative Resources in Media Program*, (CRRC- Armenia, 2011), 7. www.mediainitiatives.am/sites/default/files/ArMediaSurveyReport.pdf.

65 Transparency International, “Global Corruption Barometer 2013 – Armenia”.

66 CRRC Armenia. *Armenia 2013 Media Public Opinion and Preference Survey (Alternative Recourses In Media Project)* (Yerevan, November 2013), 12. www.crrc.am/hosting/file/_static_content/projects/armenia%202013/ARM_PPT_ENG.pdf.

67 CRRC -Armenia, *Caucasus Barometer 2013*, 12.

VII. NATIONAL INTEGRITY SYSTEM

LEGISLATURE

Summary

Since the 2012 Assessment, the greatest shortcomings pertaining to Armenia's parliament, (the National Assembly), remain its lack of independence at the practical level, as well as the accountability and integrity of its members. The only indicator that registered any progress is the indicator on "Resources". For all other indicators, the situation remained the same as during the 2012 Assessment.

The ruling Republican Party, in the National Assembly has its own faction which consists of 70 MPs,⁶⁸ out of a total of 131 MPs. Hence, the Republicans have an absolute majority in the National Assembly. Until April of 2014, Republicans were in coalition with Rule of Law Country, a political party that left the coalition on 16 April 2014.

A local NGO Mandate constantly monitors the operation of the National Assembly and has observed that during 2013, 203 laws were adopted by the parliament, and that the authorship for 93 per cent belonged to the government and not the parliament.⁶⁹ However, the most concerning observation is that on almost all occasions Republican MPs and MPs from the Rule of Law Country voted for the bills presented by the government, which is an indication of consolidation between parliament's majority and the government.

The second most troubling concern is the presence called "oligarchs" in the capacity of MPs in the parliament. The president, Mr Sarkisyan, during a meeting with media representatives acknowledged that there are businessmen in the National Assembly, but noted that the problem is that formal documentation does not reveal that they are doing business.⁷⁰ Since the 2012 Assessment, perhaps the most shocking episode in this regard, was the meeting of the newly appointed prime minister, Mr Abrahamyan, with the representatives of big business in Armenia, among which were some notable MPs.⁷¹ It can be said that the constitutional provision which prohibits MPs from engaging in any other paid activities has stopped operating and is being neglected.

68 See at: <http://parliament.am/deputies.php?sel=factions&GroupingID=71&lang=arm> [Accessed 16 June 2014].

69 Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, 2nd Report: February-June 2013* (Yerevan: Mandate/OSF Armenia, 2013), 4. http://parliamentmonitoring.am/docs/AJ_report%206.2_print%20file.pdf.

Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, Sixth Session, 3rd Report: August-December 2013* (Yerevan: Mandate/OSF Armenia, 2013), 4.

http://parliamentmonitoring.am/docs/PM_report_v4_20.02.2014.pdf.

70 See: www.president.am/hy/interviews-and-press-conferences/item/2013/03/18/President-Serzh-Sargsyan-press-conference/ [Accessed 16 June 2014].

71 See: http://irakan.info/full_news.php?id=14878 [Accessed 16 June 2014].

Table of indicator scores

Legislature			
Overall Pillar Score: 56.25			
	Indicator	Law	Practice
Capacity 56.25	Resources	75	50
	Independence	75	25
Governance 62.5	Transparency	100	75
	Accountability	75	25
	Integrity mechanisms	75	25
Role 50	Executive oversight		50
	Legal reforms		50

STRUCTURE AND ORGANISATION

In its current form, the Armenian parliament, the National Assembly (hereafter NA), was established in 1995, after the adoption of the first Armenian Constitution, passed by referendum on 5 July 1995. On the same day the first NA elections were held. The NA is a unicameral legislature with 131 members, among whom 90 are elected on the proportional list and 41 by a simple plurality (“first past the post”) basis. Until 2007, the parliamentary elections were held once every four years – in 1995, 1999, 2003, and 2007. However, after the adoption of changes and amendments to the Constitution, passed through popular referendum on 27 November 2005, the elections are held every five years. After the 2007 elections the next took place in 2012. Elections are held by the decree of the president.⁷²

The Constitution sets eligibility criteria for the members of NA. Elected members must be individuals above the age of 25, have been citizens of the Republic of Armenia and permanently residing there during the last five years, preceding the elections and have voting rights.⁷³ The NA is a professional body, meaning that its members should perform their duties on a permanent basis.⁷⁴

The NA convenes its regular sessions twice a year. The spring session starts on the first Monday of February and ends on the second Thursday of June, and the autumn sessions start on the second Monday of September and ends on the second Thursday of December.⁷⁵ The NA can also convene extraordinary sessions. The full meetings during the sessions take place from Monday to Thursday once in three weeks.⁷⁶

⁷² The Constitution of RA, Article 68.

⁷³ Ibid., Article 64.

⁷⁴ Ibid., Article 65.

⁷⁵ Law of RA on NA Regulations, Article 35.

⁷⁶ On 12 April 2011 the NA passed new changes and amendments to the Law on NA Regulations (entered into effect on 14 April), and according to one of them, the NA can decide to move the start of the four-day regular session to another Monday, provided that the moved four-day session does not coincide with other, regular four-day session or extraordinary session. This change already was applied once, when 2-5 May 2011 a four-day regular session moved to the next week, 10-12 May (Monday, May 9 was a holiday and no session was convened on that day).

A speaker and two deputy speakers head the NA. They are elected during the first opening session of the newly elected NA.⁷⁷ In order to conduct preliminary discussion on the draft laws and other issues and submit conclusions on them, the Constitution stipulates that standing committees should be established, whose number should not exceed 12.⁷⁸ According to Law on NA Regulations, the number, names and fields of operations of standing committees shall be established by NA decision: the number of committees during the first session of NA.⁷⁹ As of June 2014 there are 12 standing committees in the NA.

During the opening session factions⁸⁰ and deputy groups⁸¹ are established. Each faction, which has the same name as the party or bloc of parties⁸² it represents in the NA, consists of NA members who have been elected through proportional list system from that party or bloc, as well as MPs who have been nominated by the above-mentioned party or bloc and elected through simple plurality vote. The members of the faction have the right to leave. Based on the results of the May 2012 parliamentary elections there are six factions in the NA, two of which until April 2014 had formed the ruling coalition. Those were the Republican Party of Armenia (HHK) and Rule of Law Party (OEK). The Rule of Law Party left the coalition in April 2014.

At least 10 NA members can form a deputy group. The members of the deputy group can leave the group and groups can be formed by NA members who at the moment of the establishment of the group are not members of a faction. Those are either NA members that have been self-nominated and elected by simple plurality vote (independent MPs), and MPs who have left their factions. If the size of the group is less than 10 members, the group should be dissolved. Currently there are no deputy groups in NA. NA members can join only one faction or one group at a time.

RESOURCES (LAW)

To what extent are there provisions in place that provide the legislature with adequate financial, human and infrastructure resources to effectively carry out its duties?

2012 score – 75

2014 score – 75

The 2012 Assessment thoroughly described this indicator, both in terms of financial allocations to the National Assembly from the state budget and its organisational capacities. It was observed that the legislation requires that MPs are provided with the necessary technical, human resources and space, and that in the process of the budgetary allocation, the legislature does not have an advantage over other state institutions. Since 2012 no major changes occurred in the legal framework. However, some notable changes occurred in the Charter of NA staff.

⁷⁷ According to Article 68 of the Constitution, the opening session of the newly elected NA shall be held on the third Thursday following the elections, provided that at least two third of the members of NA have been elected.

⁷⁸ The Constitution of RA, Article 73.

⁷⁹ Law of RA on NA Regulations, Article 21.

⁸⁰ Law of RA on NA Regulations, Article 14. As only six parties (five parties and one bloc) are represented in NA, as a result of May 2012 parliamentary elections, there are only six factions in NA of the current convocation.

⁸¹ Law of RA on NA Regulations, Article 15.

⁸² Armenian Electoral Code allows parties to form coalitions (blocs) to participate in the elections as one entity (Article 106 of the Electoral Code). In that case the bloc forms one joint list for the proportional list system.

First, Point 46.2 of the Charter, which relates to the secretariats of the standing committees and Ethics Committee was altered. Due to this alteration, it is clearly stipulated that secretariats of these committees operate under the leadership of the respective chairmen of the committees.⁸³ This change actually means that members of the committees, from now on will be under control of the chairmen of the committees and hence effectively subject to political forces.

Second, two departments of the staff were reorganised: the legal department and analytical department. The former legal department became the examination department, and the analytical department became the Center of Research and Analysis.⁸⁴ The restructuring of the analytical department, signals some political will to enhance the analytical resources of the legislature.

RESOURCES (PRACTICE)

To what extent does the legislature have adequate resources to carry out its duties in practice?

2012 score – 25

2014 score – 50

The 2012 Assessment scored this indicator low, due to certain factors, such as: a statement by the speaker of the NA on the inadequate nature of the cooperation between MPs and the staff of NA; cases of relatives being hired as MPs' assistants; and the failure to publish monthly journals etc. During 2012–2014 it was revealed that the resources are considered enough to follow the mission, the bad practice of hiring relatives was decreasing, staff were undergoing regular training, the Center of Research and Analysis was established, and the budget was increased.

In the 2012 Assessment, it was mentioned that an investigative journalist from “Hetq”, Mr Grisha Balasanyan, reported that some MPs hired their daughters and sons as their assistants or asked other MPs to hire them. In 2013, he again reported this practice, but mentioned that it was decreasing in frequency. He provided a list of 10 MPs whose assistants are their relatives.⁸⁵ Of these 10 MPs, two are from the ruling Republican Party and eight are from Prosperous Armenia. Although he was able to collect this list, he also noted that the staff of the NA, when providing the list of assistants apparently omit the names of assistants' fathers, in order to make it difficult to the uncover relationships between MPs and assistants.

The 2013 budget for the maintenance of the staff and MPs was 2,827,868,5 AMD (approximately US\$6,850,000) which compared with 2011 budget increased by US\$350,000.⁸⁶ The travel costs for 2014, 2013 and 2011 remained the same: 350,000,000 AMD, which is approximately US\$859,000. The budget of 2014 for the maintenance of the staff and MPs is 3,645,965,600 AMD (approximately US\$8,830,000), which is much higher than it was in 2011, up by almost US\$2,200,000.

83 Decision of the Speaker of NA, no. NO-001-N, adopted on 21 June 2012.

84 Decision of the Speaker of NA, no. NO-009-N, adopted on 25 July 2013.

85 See: <http://hetq.am/arm/news/25608/azh-um-yntanyoq-handerdz-kam-ovqer-en-patgamavomeri-ognakannery.html> [Accessed 16 June 2014].

86 The data about budget allocations are taken from the interactive budgets for 2011, 2013 and 2014, which are available at: www.e-gov.am [Accessed 26 June 2014].

The budget for travel has remained the same since 2011, some MPs in 2014 complained about business trips. Particularly, an MP from Prosperous Armenia, Mr Urikhanyan, during the deliberation of the report on state budget, on 27 May 2014, complained about cuts, which prevented MPs from having a representative in inter-parliamentarian assembly's commission between Russia and Armenia.⁸⁷ However, the new speaker of the NA, Mr Galust Sahakyan, made a statement that he will strictly limit business trips of MPs, during four-day sessions. Henceforth, business trips during four-days sessions will be strictly limited, in order to secure the normal operation of the NA.⁸⁸

In 2013 the budget did not foresee any money for purchasing new resources and literature for the library. The technical upgrading of the session hall of parliament was carried out with the assistance of the Korea International Cooperation Agency. In October 2013 the results of assistance were assessed by the agency as very high.⁸⁹

The deputy head of the staff of the NA, Mr Tatul Soghomonyan, was interviewed by TI AC.⁹⁰ In his interview he noted that the budget was only raised for salaries, but the financing of training sessions remained unchanged. He also noted that as public servants, one third of the staff undergo training on an annual basis, as required by the legislation. However, he considers this training to be insufficient and not targeted, because they are of a general nature. In his opinion, it would be much better to have targeted training, conducted by groups of economists, or lawyers etc. To solve this issue and to raise the level of effectiveness, the NA signed contract with Yerevan's State University and even suggested topics for the training. In response to TI AC's official query,⁹¹ the NA reported that in 2013, 12 civil servants were on business trips to participate in training, and that the newly established Center on Analysis conducted analysis regarding five fields. Mr Soghomonyan noted that this Center is still in the process of establishment.

A former MP of the Fourth convocation of NA from the party Heritage, Mr Styopa Safaryan, in his interview⁹² with the representative of TI AC articulated an opinion that the resources of the NA are enough to perform its mission. He noted that the issue in this regard is to give clear targets and objectives to the staff of the NA.

INDEPENDENCE (LAW)

To what extent is the legislature independent and free from subordination to external actors by law?

2012 score – 75

2014 score – 75

The 2012 Assessment noted that the legislation, in regard to guaranteeing independence of the legislature, in general is in compliance with international standards and ensures its independence. The constitutional mechanisms on dissolution of parliament are quite strict and balanced with the powers of other branches of power. There are only three reasonable instances when the president can dissolve

87 See: www.aravot.am/2014/05/27/464419/ [Accessed 26 June 2014].

88 See: <http://parliament.am/transcript.php?AgendaID=2613&day=12&month=05&year=2014&lang=arm#12.05.2014> [Accessed 26 June 2014].

89 See: www.parliament.am/news.php?do=view&cat_id=2&day=31&month=10&year=2013&NewsID=6222&lang=arm [Accessed 26 June 2014].

90 Interview of the Deputy Chief of Staff – Head of Secretariat, Tatul Soghomonyan, with the representative of TI AC, 11 June 2014.

91 Response of NA Chief of Staff – Secretary General to the TIAC's official query, 11 April 2014.

92 Interview of former MP, Styopa Safaryan, with the representative of TI AC, 13 June 2014.

the parliament: a) if the National Assembly fails within three months to resolve a draft law deemed urgent by the decision of the government; b) if in the course of a regular session no sittings of the National Assembly are convened for more than three months; or c) if in the course of a regular session the National Assembly fails for more than three months to adopt a resolution on issues under debate.

It was also observed that considering that the system of government is semi-presidential, the existing constitutional provisions on the dismissal of the legislature are adequate constraints on the president's side to dismiss the legislature. Since the 2012 Assessment, no changes were made in the legislation.

INDEPENDENCE (PRACTICE)

To what extent is the legislature free from subordination to external actors in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment judged this indicator rather negatively. The justifications included the quite frequent extraordinary sessions convened by the government, statements of opposition MPs about the limited role of the NA, and discouraging observations made by international organisations. Since 2012 some positive developments have taken place, which relate to the activeness of opposition political forces present in the NA, rather to the raising of its level of independence.

From the second quarter of 2012 to May of 2014, five extraordinary sessions and three extraordinary meetings took place. Of the five extraordinary sessions (5 September 2012, 17 December 2012, 17 June 2013, 10 December 2013, 20 December 2013) only the 5 September session was convened by MPs, which was for making a statement on the illegal transfer of Azerbaijani murderer Ramil Safarov from Hungary to Azerbaijan and pardoning him and raising his military rank by the president of Azerbaijan, Ilham Alyev.⁹³ On the positive side, of the three extraordinary meetings, only one (12 May 2014) was convened by the government, while the other two were organised by the opposition.⁹⁴

The 2012 Assessment quoted Mr Artsvik Minasyan, an MP from ARF, who mentioned that 76 per cent of the draft laws had been presented by the government. In response to TIAC's official query,⁹⁵ the staff of the NA reported that during 2013, 83 drafts of bills were presented by MPs, and 97 by the government.

The analysis of open data, presented by the Mandate NGO, which constantly monitors the operation of the NA, suggests that the situation in this regard has deteriorated. According to this data, during 2013, the parliament adopted 203 laws, authorship for 189 of which belongs to the government. This equals 93 per cent of the total amount of adopted laws.⁹⁶ The ruling Republican Party and its coalition partner in 2013, Rule of Law Country,⁹⁷ on almost all occasions voted for the bills presented by the government, which in the opinion of 'Mandate is a clear indicator of consolidation between parliamentary majority and the government.'⁹⁸

93 See: <http://parliament.am/agenda.php?AgendaID=317&day=05&month=09&year=2012&lang=#05.09.2012> [Accessed 14 June 2014].

94 See the official website of the NA at: www.parliament.am [Accessed 26 June 2014].

95 Response of NA Chief of Staff – Secretary General to the TIAC's official query, 11 April 2014.

96 Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, 2nd Report: February-June 2013*, 4.

Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, Sixth Session, 3rd Report: August-December 2013*, 4.

97 This party left the coalition government in April 2014.

98 Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, 2nd Report: February-June 2013*, 5.

Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, Sixth Session, 3rd Report: August-December 2013*, 6.

During the interview with the TI AC representative, Mr Soghomonyan mentioned that it is not surprising that majority of bills are presented by the government. In his opinion, the political majority in the NA works through its government, and it has more potential. According to him, in reality, MPs can bring to the NA drafts which are about minor changes, but they cannot bring substantive laws, due to the peculiarities of different political ideologies and manifestos. He also is of the opinion that this is an established and accepted practice in the whole world.

Mr Safaryan shared very similar opinion, but from a different perspective. He particularly noted that MPs, even from the coalition, are not encouraged by the authorities to present drafts of bills. Even if they develop and adopt some laws, they relate to minor issues. Mr Safaryan also mentioned that the vast majority of bills are presented by the government.⁹⁹

Freedom House, in its Nations in Transit 2013, observed that based on the 2012 parliamentary elections, the legislature became more pluralistic, which in turn raised its legitimacy.¹⁰⁰ Still, regardless of being more representative, the above-mentioned figures clearly show that independence of the legislature is at risk.

A distinction must be made between the number of drafts of bills and number of adopted laws. As was mentioned above, 93 per cent of the adopted laws during 2013 were drafts of bills presented by the government. This number is a clear indicator that the NA, in a sense, has surrendered its mission of law-making to the government. For these reasons, the score of 2012 remains unchanged.

TRANSPARENCY (LAW)

To what extent are there provisions in place to ensure that the public can obtain relevant and timely information on the activities and decision-making processes of the legislature?

2012 score – 100

2014 score – 100

The 2012 Assessment assessed this indicator thoroughly from different perspectives, which relate to the transparency of the NA. It was observed that journalists are legally empowered to freely report on the legislature and MPs, but are required to get accreditation in the NA. Also, the transparency requirements concerning the variety of documents being adopted in the NA were discussed.

Particularly, it was noted that the voting records of the open sessions are required to be posted on the website of the NA, and that verbatim records are required. It was also observed that the open meetings and sessions of the NA and standing committees can be attended by members of the public, if they receive an invitation. It was mentioned that the activities of NA and its structural bodies are publicised through the TV programme *Parliamentary Week*.

Since the 2012 Assessment no changes have been made into the legislation and the score remains the same.

⁹⁹ Interview of former MP, Styopa Safaryan, with the representative of TI AC, 13 June 2014.

¹⁰⁰ Aleksandr Iskandaryan, *Nations in Transit 2013: Armenia*, (Freedom House, 2013). www.freedomhouse.org/report/nations-transit/2013/armenia#.U5MRs9J_suc.

TRANSPARENCY (PRACTICE)

To what extent can the public obtain relevant and timely information on the activities and decision-making processes of the legislature in practice?

2012 score – 75

2014 score – 75

In 2012 Assessment, this indicator was assessed quite high. It was observed that the legislature's website is quite comprehensive and updated regularly. It was also observed that voting records, declarations of income and assets of MPs, and the budget of the legislature are available online. Observed shortcomings were: “expedient” legislative process, when laws are passed in three readings during one day and the handpicking of civil society representatives and in an ad hoc manner to involve them in working groups to draft legislation. Furthermore it was reported that the Freedom of Information Center in 2011 considered the NA, along with the police, as the worst state body in terms of responding to queries.

More recently, regarding “expedient” legislative process, Mandate reports that for 77 laws, second and third readings were organised within 24 hours.¹⁰¹ Freedom House's Nations in Transit 2013 report, observed that, “Society has little leverage over legislative processes or political decision-making”.¹⁰²

TIAC sent an official query to the NA in 2014,¹⁰³ and it was revealed that in 2013 the NA received 12 queries. Regarding one of the queries, legal action was brought against the NA for providing incomplete information. The claimant was the Freedom of Information Center. The Freedom of Information Center for 2013 granted the NA an anti-prize of being the most closed public entity with regards to implementing the Law on Freedom of Information.¹⁰⁴

Regarding public consultations the evidence from interviews and received information is conflicting. On the one hand Mr Soghomonyan noted that its number has increased while Mr Safaryan noted that it has decreased.¹⁰⁵ In response to TIAC's official query, the NA reported that during 2013, in total 22 parliamentary hearings were conducted.¹⁰⁶

Since 2012 there is no evidence of significant developments in this area and hence the score remains unchanged.

101 Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, 2nd Report: February-June 2013*, 4.
Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, Sixth Session, 3rd Report: August-December 2013*, 4.

102 Aleksandr Iskandaryan, *Nations in Transit 2013: Armenia*.

103 Response of NA Chief of Staff – Secretary General to the TIAC's official query, 11 April 2014.

104 See: <http://foi.am/hy/awards-winners/> [Accessed 16 June 2014].

105 Interview of former MP, Styopa Safaryan, with the representative of TIAC, 13 June 2014;

Interview of Deputy Chief of Staff – Head of Secretariat, Tatul Soghomonyan with the representative of TIAC, 11 June 2014.

106 Response of NA Chief of Staff – Secretary General to the TIAC's official query, 11 April 2014.

ACCOUNTABILITY (LAW)

To what extent are there provisions in place to ensure that the legislature has to report on and be answerable for its actions?

2012 score – 75

2014 score – 75

Some of the shortcomings, reported by the 2012 Assessment were that the law does not require NA members to report to their constituents; and that standing committees do not have the power to draft legislation, which weakens their capacity to provide internal accountability mechanisms for the NA. This in turn diminishes their roles, as compared with their counterparts in Europe. On the positive side, it was observed that it is required for standing committees to conduct at least one hearing during the long session and that the Constitution provides reasonable guarantees for the MPs by providing them with strong immunity mechanisms.

Since 2012, the only relevant change concerns the date and time of the meetings of standing committees. Previously, under Part 1 Article 27 of the Law on NA Regulations, consecutive meetings of the standing committees were convened each Friday at 11 o'clock. On 13 September 2013 an alteration was made to this provision, which now stipulates that meetings are to be convened in accordance with the timeline adopted by the decision of the National Assembly.¹⁰⁷ This change does not present a significant development, and for this reason the score remains unchanged.

ACCOUNTABILITY (PRACTICE)

To what extent do the legislature and its members report on and answer for their actions in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment observed that public consultations present a fragmented picture rather than a distinct pattern. It was also observed that the reporting culture of parliamentary groups, factions and MPs are underdeveloped and that a few civil complaints were raised because of the circulation of an unpopular bill on teaching the Russian language in public schools.

Since 2012 some changes have taken place, which can be attributed to the active leadership of the former speaker and to the diversified representation in the parliament of different political parties. Parliament has become more responsive to urgent and acute social issues, and in this regard there are two quite notable examples: the approach of parliament towards a heavy storm which caused damage to rural population in the Armar region;¹⁰⁸ and its answer to the rise of gas prices by creating a temporary committee.¹⁰⁹

¹⁰⁷ Law No. HO-174-N, Article 3, adopted on 13 September 2013.

¹⁰⁸ See: http://parliament.am/news.php?do=view&cat_id=2&day=24&month=05&year=2013&NewsID=5931&lang=arm [Accessed 16 June 2014].

¹⁰⁹ See: <http://parliament.am/committees.php?do=show&ID=111177&lang=arm> [Accessed 16 June 2014].

Another major event, perhaps the most important, was forcing by the joint parliamentary opposition to discuss the issue of the new social pension system and to prolong its entering into effect.¹¹⁰ However, the parliamentary majority succeeded in blocking the creation of a temporary committee to investigate the deaths of civilians in the 1 March 2008 events.¹¹¹ In response to TIAC's official query it was answered that during 2013, 22 parliamentary hearings were conducted.¹¹²

Mr Soghomonyan, on the question of accountability, noted that they produce statistics on the number of parliamentary hearings, adopted laws etc. However, the law does not require parliamentary factions to be answerable to anyone, except to their own political party.¹¹³ In addition he noted, that on the website of the NA there is abundant information.

Nevertheless, it must be noted that while there is abundant information on the NA website, it is not categorised in a user-friendly manner. For example, if one needs to know how many public hearings took place during a certain period, it is necessary to visit the pages of each standing committee and to check the information manually. Regarding the reporting culture, it is true that the situation from year to year has deteriorated: still the culture of reporting, in the form of annual and detailed professional reports, by the political forces is extremely poorly developed.¹¹⁴

Despite some progress in answering to acute social issues and creating a temporary committee, it is not enough to register progress and to increase the score of 2012. Most of the positive developments were a result of consistent and strong pressure of parliamentary opposition, and not the parliament as a whole.

INTEGRITY MECHANISMS (LAW)

To what extent are there mechanisms in place to ensure the integrity of members of the legislature?

2012 score – 75

2014 score – 75

The 2012 Assessment addressed all aspects pertaining to the integrity of the MPs. Particularly it was observed that the adoption of the Law on Public Service addressed a number of issues related to the integrity of the legislature. More specifically, the Law on Public Service first of all defines two broad categories of subjects: public servants and high-ranking public officials. MPs fall under the category of high-ranking public officials. The Law regulates various aspects of ethics and conflicts of interest, such as limitations on engagement in other paid activities, except for some defined activities, using assigned resources only for job-related purposes, a ban on receiving gifts, the requirement to declare assets and income, and post-employment restrictions (for a one year period).

This law also stipulates the establishment of the Ethics Commission for High-Level Public Officials. The mandate of the Commission is twofold: to run the register of declarations provided by high-level public officials and decide and advise on the matters of ethics and conflict of interest by them. However, the Commission does not have proper mechanisms to implement its own decisions and conclusions because its documents lack the mandatory force of law.

110 Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, 2nd Report: February-June 2013*, 5.

111 Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, Sixth Session, 3rd Report: August-December 2013*, 6.

112 Response of NA Chief of Staff – Secretary General to the TIAC's official query, 11 April 2014.

113 Interview of Deputy Chief of Staff – Head of Secretariat, Tatul Soghomonyan with the representative of TIAC, 11 June 2014.

114 The conclusion is based on close inspection of the official website of the legislature.

It was further noted that the Law has a number of deficiencies, among which are the lack of sanctions for not declaring gifts received or limitations of the scope of relatives, whose income and assets declarations are required for submission.

The Law on NA Regulations also address various aspects of ethics and conflict of interest of MPs. In addition, taking into consideration the provision in the Law on Public Service, which provides superiority to sector specific laws, the Law on NA Regulations perhaps has more importance.

Since the 2012 Assessment a number of changes have been made both to the Law on Public Service and in the Law on NA Regulations. First, because of the amendment in Article 6 of the Law on NA Regulations, it is now left to the sole discretion of the speaker of the NA, to decide wither the absence of an MP is justified or not.¹¹⁵

Second, after an amendment to Article 14 of the Law on NA Regulations with a new Part 1.1, there is a definition of a non-opposition faction in the NA.¹¹⁶ According to the definition the faction is considered as non-opposition, if a person nominated by a political party or by the bloc of political parties which formed the faction, is included in the government, or if the head or secretary of the faction makes a statement during the sitting of the NA on “making political coalition with a political party which has more representatives in the Government” and on not considering itself opposition.

This definition has a direct link with the composition of the Ethics Committee in the NA. Together with the introduction of the definition of “non-opposition faction”, another amendment was made,¹¹⁷ which stipulates that those factions that are not considered as opposition or non-opposition can present to the Ethics Committee only one representative.¹¹⁸

Third, grounds for the Ethics Committee not to adopt a decision on a particular issue were amended.¹¹⁹ The new amended grounds are missing a deadline to adopt decisions, as stipulated under the Law on NA Regulations.¹²⁰

Fourth, the manner of adopting decisions and conclusions in the Ethics Committee was changed. Previously, a majority of votes of those who participated for the voting was needed. Now, it must be adopted by the total majority of the Committee’s votes.¹²¹

Certain amendments and changes to the Law on Public Service were also made which are directly linked with this indicator. On 23 March 2013 the Law no. HO-5-N was adopted, which made alterations in the Article 23, Part 2 of the Law on Public Service. The alteration relates to the wording of the provision, which requires high-level public officials to transfer their business to trust management. Previously the wording only related to having shares, now it refers to “participation” (i.e. holding stocks, shares or voting units).

The article of the Law on Public Service which relates to the limitation of activities of a high-level public official, such as being engaged in entrepreneurial activities, to perform other paid jobs etc., was also

115 Law No. HO-174-N, Article 1, adopted on 13 September 2013.

116 Law No. HO-249-N, Article 1, adopted on 9 December 2012.

117 Law of RA on NA Regulations, Article 24.1, Part 2.

118 Law No. HO-249-N, Article 2, adopted on 19 December 2012.

119 Amendment took place in the Law of RA on NA Regulations, Article 24.4 by Law No. HO-249-N, Article 3.

120 The deadline is stipulated under Article 24.3 Point 7 of the Law on NA Regulations.

121 Article 24.4, Part 1, Point ‘f’ of the Law on NA Regulations was rephrased.

amended.¹²² It stipulates that one of the exceptions from the rule is performing work that ensues from the status of being a member of the Electoral Commission. The amendment added an exception for cases prescribed by the Electoral Code of the Republic of Armenia.

An article of the Law on Public Service which refers to stipulating those activities which are not considered as entrepreneurial activities was also amended¹²³ to include the following exception:

“Being included in the Board of Directors (Monitoring Council) of those trade organizations, where the Republic of Armenia has 75 or more % of participation, if it directly concerns implementation of a policy under the competence of the high level public official or public servant, provided that s/he doesn’t receive remuneration or compensation in any other manner or doesn’t benefit from social guarantees or other privileges or services, which are being provided not for public servants or high level public officials”¹²⁴

This amendment will enter into force on 1 July 2014.

The score remains unchanged, because the amendment and alterations are more cosmetic in nature, rather than radically changing the legal framework.

INTEGRITY MECHANISMS (PRACTICE)

To what extent is the integrity of legislators ensured in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment judged this indicator quite low, due to the overall picture existent at that moment. Both the prime minister at that time and international organisations recognised the issue of involvement of businessmen in politics, as a common problem in Armenia.

Since then one small positive development has occurred: the Temporary Ethics Committee within National Assembly started to operate. However, this Committee has not proved its effectiveness yet. A local expert, Mr Gor Abrahamyan, mentioned that the Committee “lacks the function of conflict of interest regulation”¹²⁵ and also that he noticed “a tendency of being directed by political interests and agreements”. He analysed the case of an MP from Prosperous Armenia, regarding whom the Committee interrupted proceedings. Mr Abrahamyan sees this as a message to other MPs who are engaged in entrepreneurial activities, that if they do not confess in a written form, then they are free to do so. Even the president, Mr Sarkisyan recognised that there are MPs doing business, though the documentation does not reveal it.¹²⁶ Moreover, on 14 May 2014, the new prime minister, Mr Hovik Abrahamyan held a meeting with the most influential businessmen among whom were some MPs.¹²⁷

Mr Soghomonyan, in this regard presented examples of some MPs, whom the Ethics Committee had judged to have violated ethics. Mr Safaryan is of the opinion, that the number of those MPs

122 The amendment relates to Part 1, Article 24 of the Law on Public Service, which was amended by Article 6 of the same Law no.HO-5-N, adopted on 23 March 2013.

123 The discussed Article is 24, Part 3 of the Law on Public Service.

124 Law No. HO-174-N, adopted on 12 December 2013.

125 Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, 2nd Report: February-June 2013*.

126 See: www.president.am/hy/interviews-and-press-conferences/item/2013/03/18/President-Serzh-Sargsyan-press-conference/ [Accessed 14 June 2014].

127 See: http://irakan.info/full_news.php?id=14878 [Accessed 14 June 2014].

who have conflicts of interest (are businessmen) increased since 2012, and the violation of ethics increased also. For example, the Ethics Committee recognised breaches of ethics by some MPs (Mher Sedrakyan, Samvel Aleksanyan).¹²⁸ However, in cases deciding whether a particular MP has a conflict of interest, the Committee avoided answering such questions. A perfect illustration of this is the case of MP Mikayel Melkumyan. Allegedly he was engaged in entrepreneurial activities involving leasing office space and owning a café, as suggested by a video posted on Youtube.com.¹²⁹ In its decision of 21 February 2013, the Committee concluded that the Law governing Public Service (Article 24, Part 3, Point 6) does not consider leasing own property as entrepreneurship and that during the investigation no facts were revealed to indicate that Mr Melkumyan is engaged in illegal entrepreneurship. The Committee decided to terminate the investigation of the application. Furthermore the fact that the Committee does not have proper sanctioning mechanisms, means that its investigations hold little weight.

For these reasons, the score remains unchanged.

EXECUTIVE OVERSIGHT (LAW AND PRACTICE)

To what extent does the legislature provide effective oversight of the executive?

2012 score – 50

2014 score – 50

The 2012 Assessment did not judge the executive oversight role of the NA very positively. It particularly observed that the problems related to the legislature's oversight of the executive, to some extent stem from the fact that neither the Constitution nor the Law on NA Regulations explicitly define the concept of such oversight. It also mentioned several shortcomings which weaken the oversight role of the NA, such as: lack of investigative functions for the temporary committees; lack of power by the NA to demand to change the Action Plan, proposed by the government; the nature of documents being adopted as a result of interpellations and MPs' inquiries (not having mandatory legal force); lack of power to scrutinise appointments to executive posts, and hold their occupants to account; and lack of direct and explicit mechanisms to control public contracting by the executive.

Since 2012, no major changes have been made in regard to this indicator. Perhaps, the only relevant amendment was a new article in the Law on NA Regulations.¹³⁰ Article 103.1 regulates the procedure of submitting the annual report by the prosecutor general to the NA and its deliberation. According to Part 1 of this new article, the prosecutor general submits his report to the president and the NA, before 1 April, on the activities conducted during the preceding year. The deliberation is to be conducted in the manner of a simple presentation of the report by the prosecutor general for up to one hour, and is to be concluded not with the adoption of any kind of document, rather by a final speech by the prosecutor general.¹³¹

On 26 February 2014 a new temporary committee for researching the operation of the gas provision system in Armenia was set up.¹³² The role of executive oversight of parliament is interlinked with its

128 The decisions on both cases were rendered on 21 February 2013 (MherSedrakyan) and 31 October 2012 (SamvelAleksanyan). The decisions are available at the official website of the NA at: www.parliament.am [Accessed 14 June 2014].

129 Panorama.am. *Member of Parliament of "Propserous Armenia" Party Confessed*, 2012. <https://www.youtube.com/watch?v=ZJs5j7iVEtA>.

130 The amended Article is 103.1, which was amended by the Law no. HO-3-N, adopted on 11 March 2014.

131 Law of RA on NA Regulations, Article 103.1, Part 3.

132 Decision of NA on Creating Ad-hoc Committee on Studying the Activity of the Gas Supply System in the Republic of Armenia. http://parliament.am/committee_docs_5/Gaz/260214AJV109_N.pdf.

independence. As was shown in the indicator on independence of this pillar, the coalition tandem of Republican Party and Rule of Law,¹³³ on almost all occasions voted for the bills presented by the government, and this is an indicator that parliament does not perform its oversight role effectively.

Moreover, all those candidates for the posts, appointment of which is delegated to the parliament, but the right of presenting candidacies belongs to other branches of the power, (e.g. prosecutor-general), have been appointed by the parliament. The Bertelsmann Transformation Index 2014 Report on Armenia, regards the legislature as inefficient. The present constitutional design of Armenia's government, the latter considers as a model where there is "...a strong presidency at the expense of a subservient judiciary and ineffective parliament".¹³⁴

The overall score remains unchanged because the introduction of the new article does not radically alter the philosophy of legal regulation of the oversight by the legislature of the executive branch of power.

LEGAL REFORMS (LAW AND PRACTICE)

To what extent does the legislature prioritise anti-corruption and governance as a concern in the country?

2012 score – 50

2014 score – 50

Since the 2012 Assessment, the major legal acts adopted by the NA are: an amendment of Article 371 of the Criminal Procedure Code, which requires the court to analyse why presented evidence was not reliable; and a Law on Academy of Justice, discussion on which please find in the pillar of Judiciary. Moreover an amendment to the Criminal Code was made aimed at guaranteeing secrecy of the examination questions for the candidates of judges.

In the opinion of Mr Soghomonyan,¹³⁵ the everyday legislative work of the NA contains an anti-corruption component. While Mr Safaryan,¹³⁶ thinks that compared with 2012 the NA has not become more effective in adopting anti-corruption legislation. Again he noted that the majority of MPs are driven by public relations, rather than solving the real issues. The motivation to adopt anti-corruption amendments and alterations is weak, because there are more oligarchs in the NA than there used to be, because the NA prefers show rather than legislative work, and because there is no boundary between the opposition and power. He thinks that one cannot talk of effective legislative activities if the same members of the opposition, when being provided freedom of choice, frequently choose to support the policy of the government, rather than policies of the opposition.

There is no strong evidence to suggest an increase or decrease in the score, because while much legislation somehow relates to anti-corruption, since 2012 no major piece of anti-corruption legislation has been adopted.

¹³³ Left the coalition government in April 2014.

¹³⁴ Bertelsmann Stiftung, *BTI 2014*, 10.

¹³⁵ Interview of Deputy Chief of Staff – Head of Secretariat, Tatul Soghomonyan with the representative of TIAC, 11 June 2014

¹³⁶ Interview of the former MP, Styopa Safaryan with the representative of TIAC, 13 June 2014.

PRESIDENT

Summary

As was the case in the 2012 Assessment, the most concerning indicators of the president's pillar remain accountability (both law and practice) and integrity (law). A positive development observed since the 2012 Assessment is the resignation of the president's son-in-law from the post of first deputy of the head of president's staff.

Due to semi-presidential constitutional system, there are no strong control mechanisms in place over the president. In practice, the president is virtually unaccountable to other bodies. The regulation of integrity remains weak because the president, under the Law on Public Service, has important powers both in the formation of Ethics Commission for High-Level Public Officials and resignation of its members.

Table of indicator scores

President			
Overall Pillar Score: 54.16			
	Indicator	Law	Practice
Capacity 75	Resources	N/A	75
	Independence	75	75
Governance 37.5	Transparency	50	50
	Accountability	25	25
	Integrity	25	50
Role 50	Leadership on anticorruption		50

STRUCTURE AND ORGANISATION

The institution of presidency was established in 1991 with the adoption of the Law on the President of the Republic of Armenia.¹³⁷ The first presidential elections were held on 16 October 1991 and Levon Ter-Petrossyan was elected as the first president of Armenia. He was re-elected in September 1996. In March 1998, following his resignation on 3 February, extra-ordinary presidential elections were held and Robert Kocharyan was elected as the president. He was re-elected in February 2003. Finally, in February 2008 Serzh Sargsyan, the current president was elected and re-elected in 2013. It should be mentioned that except for the first presidential elections in 1991, all the following elections have been disputed by other presidential candidates and there is a widespread perception among the public that their results were rigged.

Initially, according to the 1991 Law on the President of the Republic of Armenia, the president was considered as the head of the executive. However, with the adoption of the 1995 Constitution this provision was removed and the president was declared the head of the state, overseeing the preservation of the Constitution and ensuring the normal functioning of the legislative, executive

¹³⁷ *Bulletin of the Supreme Council of the Republic of Armenia 1991/15*. The Law was adopted on 1 August 1991 and lost its effect on 28 November 2006.

and judicial branches of the government.¹³⁸ This formulation is characteristic of states with semi-presidential system of constitutional order, notably France.

RESOURCES (PRACTICE)

To what extent does the president have adequate resources to effectively carry out his duties?

2012 score – 75

2014 score – 75

The 2012 Assessment noted that the staff of the president, among other state bodies, is traditionally viewed as the assembly point of the best specialists. It also used statistical data to show the increase in the wages fund for 2012. In 2012, the staff was composed of 362 positions with a budget of 586,701,500 AMD (app. US\$1,438,000).

In response to TI AC's query,¹³⁹ the staff of the president mentioned that compared with 2012, no essential changes have taken place in the staff, in regards to human and material resources. The budget was increased compared with 2012, which was conditioned with the raise of prices for gas and electricity, as well as a new system of remuneration which began operating from July 2014. Since 2012, the staff's technical equipment has been updated.¹⁴⁰

Mr Alexander Iskandaryan, a local expert and world-renowned political scientist, who is author of the Nations in Transit report on Armenia, during the interview with TI AC¹⁴¹, agreed that he has not seen tangible changes in connection with the resources of the president, and that the staff remained almost the same.

INDEPENDENCE (LAW)

To what extent is the president independent by law?

2012 score – 75

2014 score – 75

The 2012 Assessment judged the legal-constitutional framework pertaining to the independent operation of the president, as largely sufficient for him to operate without major obstacles, including immunity and institutional independence. At the same time it was noted that in two cases other branches of the government can intervene in the decision-making activities of the president, namely: a) issues concerning foreign policy; and b) declaration of martial law and/or state of emergency.

Since 2012, the situation has remained unchanged. During the reporting period no major changes occurred in the legislative framework regulating the conduct of the president. Particularly, as the guarantees of the independence for the president are enshrined in the Constitution, no amendments and alterations were made to it.

138 RA Constitution, Article 49.

139 Response of The Office to the President of the RA to the TI AC's official query, 3 April 2014.

140 The budget was increased by 358902700.00 AMD, which is approximately US\$880,000.

141 Interview of the Director of the Caucasus Institute, Alexander Iskandaryan, with the representative of TI AC, Yerevan, 1 July 2014.

However, on 4 September 2013 (NH-207-N), the president issued a decree on establishing a Professional Commission on Constitutional Reforms adjunct to him personally. This Commission is headed by the chief justice of the Constitutional Court and is obliged to present the vision on constitutional reforms to the president by 20 April 2014, after which time, provided that president provides his affirmation, during 10 months the Commission will present the draft of the Constitutional Reforms.¹⁴² On 10 April 2014, the Commission presented the draft vision to the president.¹⁴³ Still the Working Group is in the process of public dialogue with society regarding the vision.¹⁴⁴

These recent developments have the potential to gradually change the form of governance system of the country by making a shift to parliamentary system and hence diminishing the role of the president.

INDEPENDENCE (PRACTICE)

To what extent is the president independent in practice?

2012 score – 75

2014 score – 75

The 2012 Assessment regarding this indicator noted that no sign of undue interference in the affairs of the president was recorded during the previous two years. It also noted that the president in practice is the strongest political figure under then current scheme of Armenian domestic politics. Indeed as noted in the 2012 BTI, “The lack of any effective “checks and balances” or a separation of powers remains the most serious impediment to Armenia’s democratic transformation”.¹⁴⁵

An illustrative example of president’s unlimited independence in reality is the announcement of the intention to join the Customs Union led by Russia, instead of signing an Association Agreement with the EU, made on 3 September 2013 after the president’s visit to Moscow.¹⁴⁶ The president’s decision was a shock for the political elite of the country, because before making this decision, there were no nationwide consultations and even the political elite was not aware of this decision.¹⁴⁷

TRANSPARENCY (LAW)

To what extent are there legal provisions in place to ensure transparency in relevant activities of the president?

2012 score – 50

2014 score – 50

142 Decree of the President of the Republic of Armenia No. NH-207-N, point 4, adopted on 4 September 2013.

143 See: www.president.am/en/press-release/item/2014/04/10/President-Serzh-Sargsyan-meeting-Commission-on-Constitutional-reforms/ [Accessed 14 June 2014].

144 For the number of consultations held see: http://moj.am/page/constitutional_reforms [Accessed 14 June 2014].

145 Bertelsmann Stiftung. *BTI 2012 – Armenia Country Report* (G tersloh: Bertelsmann Stiftung, 2012), 9. www.bti-project.de/uploads/tx_itao_download/BTI_2012_Armenia.pdf.

146 See: www.rferl.org/content/armenia-customs-union/25094560.html [Accessed 15 June 2014].

147 Analytical Centre on Globalization and Regional Cooperation (ACGRC), Friedrich-Ebert-Stiftung. *Armenian Foreign Policy Agenda for 2014-2015* (Yerevan: ACGRC, 2013), 25 www.fes.ge/buch_armenian%20foreign%20policy%20agenda%20for%202014-2015%20_pdf.pdf.

The 2012 Assessment concluded that the functions of the administration of public relations and relations with the media of the staff of the president, as enshrined in the Charter of the Staff “ensures a certain degree of transparency of the institute of presidency”. It was also observed, that the president as high-ranking public official is required to submit declarations on income and assets. The lack of an obligation to publish the budget was observed as a negative element.

Since 2012, nothing has changed and no new legal tools that would alter the legal state of affairs have been adopted.

TRANSPARENCY (PRACTICE)

To what extent is there transparency in relevant activities of the president in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment evaluated this indicator rather positively, by noting that the president’s website is available in three languages.¹⁴⁸ It also provided monitoring results of the president’s website, conducted by the Committee to Protect Freedom of Expression. The monitoring took place in two stages during 2011. During the first stage the website received 33.03 per cent while during the second stage 32.5 per cent for the level of information transparency. This compares to the highest score of 56.8 per cent which was allocated to the prosecutor’s website.

Since then both positive and negative developments have taken place. The declarations of the president are available on the website of Ethics Commission for High-Level Public Officials.¹⁴⁹ In addition, the Committee to Protect Freedom of Expression conducted the same monitoring and the final result for the transparency of the president’s website increased by 2.39 per cent to 35.39 per cent.¹⁵⁰ Furthermore, neither the president nor his staff were included in either the black or white lists¹⁵¹ of the Freedom of Information Center for 2013 and 2014, and in response to TI AC’s official query,¹⁵² the staff of the president answered that in 2013 they received 21 queries and answered all of them in a timely manner.

However, one experience from 2013 does not support the claim of transparency. During the 2013 presidential elections a huge number of votes were won by the representative of the opposition Raffi Hovhannisyanyan, who went to the president’s office to discuss of the issue of public mistrust towards the officially declared results. During the meeting, President Sarkisian wondered whether Raffi Hovhannisyanyan wanted media representatives to be present or not. Mr Hovhannisyanyan let the question be decided by the president. The president decided to conduct consultations with Raffi Hovhannisyanyan without presence of media.¹⁵³ Besides, the reports of the President’s Oversight Service continues to be unpublished.

148 See: www.president.am [Accessed 15 June 2014].

149 See: http://ethics.am/hy/declarations-registry/user_id=33/ [Accessed 15 June 2014].

150 CPFE, *Access to Official Information and Open Governance (Level of information transparency of the Armenian state bodies, based on the results of monitoring of official websites)* (Yerevan: CPFE, 2013), 36. <http://khosq.am/>.

151 The Freedom of Information Center of Armenia quarterly publishes the “Black List” of those officials who head agencies that have violated the access to information right in that time period. Utilising these quarterly reports, Freedom of Information Center of Armenia publishes an annual “Black List.” See: <http://foi.am/en/criterias/> [Accessed 16 June 2014].

152 Response of the Office to the President of the RA to the TI AC’s official query, 3 April 2014.

153 See: www.president.am/en/press-release/item/2013/02/21/President-Serzh-Sargsyan-received-Raffi-Hovhannisyanyan/ [Accessed 20 June 2014].

ACCOUNTABILITY (LAW)

To what extent are there provisions in place to ensure that president has to report and be answerable for his actions?

2012 score – 25

2014 score – 25

According to the 2012 Assessment, “it is almost impossible to hold President accountable for wrongdoing during the term of his office” due to the constitutional framework. It was noted that the only constitutional actor who can provide oversight of the president is the Constitutional Court, when it decides the compliance of president’s decrees with the Constitution. Also, it was observed that although the Law on the Chamber of Control does not explicitly mention that the staff of the president should be audited, they could be audited because of its status as state institution. Moreover, it was mentioned that there is no legal act that would oblige the president to give reasons for his activities, with the sole exception of addressing people when declaring a state of emergency.

Since 2012 the legal framework pertaining to the accountability of the president remains intact.

ACCOUNTABILITY (PRACTICE)

To what extent is there effective oversight of president’s activities in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that under the Constitution the president is virtually unaccountable. It was also mentioned that since independence none of the three presidents were held liable and impeachment procedures were never initiated against them. Also quoted was a domestic expert who mentioned that, “the head of state still retains the right to have a final say on almost all important matters of the country”.¹⁵⁴ Besides, it was noted that Chamber of Control did not audit the staff of the president.

Since 2012 very few positive developments have taken place. One development, noteworthy to cite is that in response to TIAC’s official query,¹⁵⁵ the staff answered that in 2013 the Chamber of Control conducted oversight in the staff of the president.

One example of the president’s lack of accountability was the speech where he mentioned that regardless of the fact that 80 per cent of the population does not support the new system on social security, he supports the establishment of the new system.¹⁵⁶ The new system is a private pension model. The mandatory private pension system will allocate 100 per cent of an employee’s pension contributions to private companies, which will then be invested in stock, bond and money markets. This implies that the tax burden will be raised for taxpayers by 5 per cent at minimum. For those taxpayers who were born after 1974 this system is mandatory, while for others it is optional. However, new prime minister made a public pledge, soon after his appointment, that he would find a plausible solution for the public.

¹⁵⁴ Boris Navasardian, “Politics and Governance in Armenia: The Prospects for Democracy”, *South Caucasus – 20 Years of Independence* (Friedrich-Ebert-Stiftung, 2011), 96.

¹⁵⁵ Response of The Office to the President of the RA to the TIAC’s official query, 3 April 2014.

¹⁵⁶ See: www.azatutyun.mobi/a/25266170.html [Accessed 17 June 2014].

INTEGRITY (LAW)

To what extent are there mechanisms in place to ensure the integrity of the president?

2012 score – 25

2014 score – 25

As discussed in the 2012 Assessment, all the regulations pertaining to conflicts of interest, receiving gifts, ethics and declarations, enshrined in the Law on Public Service, are also applicable to the president (see Legislature pillar – integrity law). It was also observed, however, that as the Ethics Commission members are appointed by the president “it is difficult to perceive that the Commission will verify these declarations”.

Since 2012 no developments were made in this respect: no legal acts were changed or altered. However, it seems that still the Commission does not have appropriate resources.¹⁵⁷

INTEGRITY (PRACTICE)

To what extent is the integrity of the president ensured in practice?

2012 score – 25

2014 score – 50

The 2012 Assessment made an observation that occupying the post of president of the ruling party endangers the president’s constitutional mandate of being independent arbiter. Besides, it was mentioned that president’s son-in law was first deputy head of the staff of the president.

Since 2012 the notable change was the resignation of the president’s son in-law and his appointment as ambassador of Armenia in Holy See of Vatican. In response to TI AC’s official query,¹⁵⁸ the staff of the president answered that since 2012 no single case of breach of rules of ethics or conflict of interest were registered. Mr Alexander Iskandaryan, noted that he is not aware of serious incidents, while he follows constantly and attentively political life in Armenia.¹⁵⁹

LEADERSHIP ON ANTI-CORRUPTION (LAW AND PRACTICE)

To what extent does the president prioritise public accountability and the fight against corruption as a concern in the country?

2012 score – 50

2014 score – 50

The 2012 Assessment quoted the president in his addresses during the thirteenth Republican Convention and during twentieth anniversary of the Republican Party. Particularly he said:

¹⁵⁷ The capacities of Commission seem to be insufficient (only one support staff). Anti-Corruption Network for Eastern Europe and Central Asia. *Istanbul Anti-corruption Action Plan – Armenia: Progress Update* (Paris: OECD, 2014). www.oecd.org/corruption/acn/ArmeniaProgressUpdateApril2014ENG.pdf.

¹⁵⁸ Response of The Office to the President of the RA to the TI AC’s official query, 3 April 2014.

¹⁵⁹ Interview of the Director of the Caucasus Institute, Alexander Iskandaryan with the representative of TI AC, 1 July 2014.

“We must defeat tumor which overwhelmed our society and which is called corruption. Toward that end both surgical and all other legal measures will be applied. It is not difficult to see that the mentioned goals, including Armenia’s economic development, are closely interrelated. They are extensions and in the end of the day they are different facets of the same goal. Much has already been done and is being done on that path; however we haven’t reached the desirable level yet. An historic opportunity to create Armenia’s new appearance and image is in our hands, literally in the hands of each of us. And we will do it.”¹⁶⁰

Since then a couple of notable occurrences have taken place, which are described in the indicator of accountability of executive. In particular, the September 2012 consultations with the government, during which president revealed major problems with procurement, and his opinion on the operation of the Chamber of Control, after it delivered its annual report. For more on this please consult indicator of “Independence” (Practice), Supreme Audit Body.

The 2012 Assessment also noted that the law clearly defines which bodies can be engaged in the anti-corruption fight. The above-mentioned September 2012 consultation of the president was possible because of the findings of the Oversight Service of the president.

EXECUTIVE

Summary

Since the 2012 Assessment, the executive pillar has remained largely the same. The executive remains the second most powerful branch of power after the president. Due to very a weak legislature, the executive continues to be the author of the majority of adopted laws: authorship for 93 per cent of adopted laws in 2013 belongs to the executive.¹⁶¹ Moreover, the Chamber of Control’s attempts to play the constitutional role of watchdog during this period were met with high resistance by the government. As for the previous assessment, during this assessment too, Bertelsmann Stiftung continues to observe that the main shortcoming in the resource management remains lack of meritocratic advancement.¹⁶² The weakest side of the executive remains the lack of practical enforcement of integrity rules towards its members.

Table of indicator scores

Executive			
Overall Pillar Score: 54.1			
	Indicator	Law	Practice
Capacity 58.3	Resources	NA	50
	Independence	75	50
Governance 54.1	Transparency	50	75
	Accountability	50	75
	Integrity	50	25

¹⁶⁰ See: www.president.am/en/statements-and-messages/item/2012/03/10/news-123/ [Accessed 18 June 2014].

¹⁶¹ Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, 2nd Report: February-June 2013*, 4.

Mandate/OSF Armenia, *Parliament Monitoring: 5th National Assembly, Sixth Session, 3rd Report: August-December 2013*, 4.

¹⁶² Bertelsmann Stiftung, *BTI 2014*.

Executive			
Overall Pillar Score: 54.1			
	Indicator	Law	Practice
Role 50	Public sector management	50	
	Legal system		50

STRUCTURE AND ORGANISATION

According to the Constitution, the system of governance in Armenia is semi-presidential republic and in such models the president is separate from the executive and viewed as the one, who “ensures the normal functioning of legislative, executive and judicial branches of the government”.¹⁶³ The policies of the government in different areas are developed and implemented by Republican executive bodies, and these bodies are the ministries and state governance bodies affiliated to the government.¹⁶⁴

According to the Constitution, the government consists of a prime minister and ministers, and, by the nomination of the prime minister, the president can appoint one of the ministers as deputy minister, who replaces the prime minister in his absence.¹⁶⁵ Currently, the minister of territorial administration is the deputy prime minister. With the recommendation of the prime minister, the president appoints and dismisses the ministers.¹⁶⁶

RESOURCES (PRACTICE)

To what extent does the executive have adequate resources to effectively carry out its duties?

2012 score – 50

2014 score – 50

The 2012 Assessment, by citing the US State Department, noted that Armenia received very significant support from international institutions. Also, it was mentioned that both the head of the Civil Service Council and the former prime minister noted that in order to make the public sector more attractive for qualified people there is the need to increase salaries. A finding of Bertelsmann Stiftung was quoted, according to which “the most fundamental shortcoming in resource management has been the lack of meritocratic advancement”.¹⁶⁷ In a nutshell, the main observed challenges were low salaries to attract qualified professionals and a system that prevented meritocratic advancement.

This finding of Bertelsmann Stiftung has not changed since 2012:

“To date, the most fundamental shortcoming in resource management has been the lack of merit-based advancement. Positions and benefits have flowed to those with connections, and an inadequate pay scale has fostered greater cronyism, which together limit the state’s ability to

¹⁶³ The Constitution of RA, Article 49.

¹⁶⁴ Decree NH-174-N of the President of the Republic of Armenia from 18 July 2007 on the Establishment of the Procedures of Organization of the Activities of the Government of the Republic of Armenia and Other State Bodies under Its Supervision, *RA Official Bulletin 2007/37(561)*, 25 July 2007.

¹⁶⁵ The Constitution of RA, Article 85.

¹⁶⁶ *Ibid.*, Article 55.

¹⁶⁷ Bertelsmann Stiftung, *BTI 2012*.

effectively utilize its resources. The closed nature of the system is offset by fairly well-developed administrative competence at many levels of government.”¹⁶⁸

On the issue of making jobs in the public sector attractive, still salaries have not been raised. The government, in its letter of intent addressed to the International Monetary Fund, mentioned, “Wages for many categories have not been increased since the crisis, leading to loss of qualified staff and poor governance incentives”.¹⁶⁹ However, the new Law on Remuneration of Persons holding State Offices, according to the head of Civil Service Council, will raise the salaries of civil servants. The same was confirmed by Armenia’s authorities and was recorded in the Progress Update of the Istanbul Anti-corruption Action Plan for Armenia in 2014:

“The new law on “Remuneration of State Official” has been adopted by the Parliament in 2013, which sets a new scale for payment and remuneration of public officials. The Law sets the amount of minimal salary to 50.000 Armenian Drams, based on which the calculation of the salaries of all public servants is done. Under this law the salaries of around 600.000 public servants have been increased considerably, either doubled or by 1.5.”¹⁷⁰

In response to TI AC’s official query,¹⁷¹ the government provided information that during 2013, 62 representatives of the staff of the government participated in training. Mr Alexander Iskandaryan, a local expert and world-renowned political scientist, in his interview with TI AC, mentioned that technical equipment of the government since 2012 has improved.¹⁷²

To conclude, since 2012, the same challenges remain, and the technical improvements and raising of salaries are important. Nevertheless, taking into consideration that salaries will not be drastically raised to the level where they would deter corruption, there are no grounds to change the score provided in 2012.

INDEPENDENCE (LAW)

To what extent is the executive independent by law?

2012 score–75

2014 score–75

The 2012 Assessment concluded that overall, the legal provisions ensure that the executive is independent from other actors. The interrelation between the president and the government was analysed and the division of powers between them was also discussed. It was observed that the president has powers in implementing policies concerning foreign affairs, defence and national security. While for other domestic affairs, the responsibility lies solely on the shoulders of government.

In terms of legal provisions, it must be mentioned that no developments occurred since 2012, which would directly or indirectly influence the independence of the executive.

168 Bertelsmann Stiftung, *BTI 2014*.

169 The Government of RA/ IMF, “Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding,” 17 February 2014, 6. www.imf.org/External/NP/LOI/2014/ARM/021714.pdf.

170 Anti-Corruption Network for Eastern Europe and Central Asia, *Istanbul Anti-corruption Action Plan – Armenia: Progress Update*, 19.

171 Response of RA Government Staff to TI AC’s official query, 3 April 2014.

172 Interview of the Director of the Caucasus Institute, Alexander Iskandaryan, with the representative of TI AC, Yerevan, 1 July 2014.

INDEPENDENCE (PRACTICE)

To what extent is the executive independent in practice?

2012 score – 50

2014 score – 50

The president, both former prime ministers and the incumbent prime minister, and the majority in the parliament are members of the Republican Party, and the president is also the president of Republican Party. This creates a situation where the political landscape is dominated by one political party, and hence it becomes difficult for the executive to be absolutely independent from the president, even within the limits of own constitutional mission. In countries with semi-presidential systems the system of checks and balances differs from the parliamentary systems just because of dualism of executive.¹⁷³

Nevertheless, Sujit Choudri and Richard Stacey from the New York University mentioned:

“In any particular case, the dynamic between president, government and legislature depends on the structure of party representation in the legislature, and in turn on the electoral system itself.”¹⁷⁴

Matthew Soberg Shugart, who is a recognised and leading expert in this field from the University of California, noted:

“Where the president and the majority in the legislature share political views and policy commitments, which may occur when the president belongs to the same party that controls the legislature, the cabinet may in practice become subordinated to the president.”¹⁷⁵

Mr Alexander Iskandaryan noted that there were cases of interference in the affairs of the government by the president or his staff. The most notable was the change of prime minister at the beginning of 2014, according to Mr Iskandaryan.¹⁷⁶ Another domestic expert, Mr Richard Giragosian also noted that the resignation of the prime minister was the decision of the president together with the prime minister.¹⁷⁷ Thus, reactions of both media and local experts suggest that the president has a decisive role in the resignation of the prime minister, regardless of some of his unpopular projects (state pension reform) and joint struggle by parliamentary political parties against him.

In addition, Mr Iskandaryan thinks that ministers are changed as a result of direct interference. This, in his view, is an indicator of the weakness of the apparatus.

To eliminate any dissent, it is necessary to devote separate attention to the opinion articulated by Mr Kirakosyan. Even if the decision was adopted together, it must be noted that within the context of in force constitutional mechanisms, such a scenario as the prime minister’s resignation simply is missing,

173 Kimberly A. McQuire, “President-Prime Minister Relations, Party Systems, and Democratic Stability in Semipresidential Regimes: Comparing the French and Russian Models” *Texas International Law Journal* 47, 2 (2012): 427–54. www.tilj.org/content/journal/47/num2/McQuire427.pdf.

174 Sujit Choudhry and Richard Stacey. “Semi-Presidentialism as a Form of Government: Lessons for Tunisia.” *The Center for Constitutional Transitions at NYU Law* 2 (June 2013). http://works.bepress.com/sujit_choudhry/89.

175 Ibid. Authors quoted Mr Shugart.

176 Regarding resignation please see: <http://commonsense.eu/eng/news/6/id2965> [Accessed 18 June 2014].

177 See: www.panorama.am/en/short-news/2014/04/08/giragosian-iskandarian/short/ [Accessed 18 June 2014].

even though there is no requirement to have consultations with the president, which in turn means that the independence of executive from the president remains not very strong and basically the independence of the executive from the president remained on the same level on which it was during 2012.

TRANSPARENCY (LAW)

To what extent are there regulations in place to ensure transparency in relevant activities of the executive?

2012 score – 50

2014 score – 50

The 2012 Assessment noted some deficiencies in the legal regulation of the issues pertaining to the transparency of the executive. Namely, deficiencies related to the lack of a mandatory obligation to make the minutes of the government's meetings public and also lack of a defined timeframe for posting the drafts of the decrees prior to the meetings.¹⁷⁸ Another shortcoming, which was mentioned, relates to the content of the income and assets declarations required to be publicised, which was done in a way which did not allow identification of asset's location. Since then no changes have occurred.

TRANSPARENCY (PRACTICE)

To what extent is there transparency in relevant activities of the executive in practice?

2012 score – 75

2014 score – 75

The 2012 Assessment noted that the government's official website was designed in a user-friendly manner, the prime minister had his own page on Facebook, the government was operating the www.e-gov.am website which was recognised as the best website by Freedom of Information Center in 2010. A shortcoming was observed in that the government does not publish the minutes of cabinet meetings.

Since 2012, these positive observations have remained the same. A major shortcoming observed, however, was that the government did not publish the draft Association Agreement with EU.¹⁷⁹ The draft of the agreement was in the process of constant changes. However, taking into consideration the importance of the agreement, probably the essence and content of the agreement had to be explained to the public with easily understandable language.

Nevertheless, this incident is not considered here a reason for decreasing the score, taking into consideration the need for vivid diplomacy, which was conditioned with the desire of counteragents, which is manifestly being seen in the words of the afore quote Ambassador of Poland to Armenia. Therefore, the score granted during the previous assessment remains the same.

¹⁷⁸ Although, it was also mentioned that in practice the drafts of the decrees are being posted regularly three days prior to the regular meeting.

¹⁷⁹ See for example explanation provided by the Poland's Ambassador in Armenia, why the agreement was not published at the moment of 27 November 2013: <http://news.am/eng/news/182794.html> [Accessed 19 June 2014].

ACCOUNTABILITY (LAW)

To what extent are there provisions in place to ensure that members of the executive have to report and be answerable for their actions?

2012 score – 50

2014 score – 50

The 2012 Assessment concluded that although the relevant legal framework for the executive's accountability exists, lack of mechanisms for the imposition of sanctions for failing to perform properly, or the non-obligatory character of consultations with the public on drafts of laws (it foresees just the possibility which does not have imperative nature) are real shortcomings.

As a result the accountability framework does not cover all aspects of the accountability of the executive and contains loopholes for avoiding genuine accountability. On the positive side, it was mentioned that external (Chamber of Control, president, legislature) and internal (prime minister) legal mechanisms of control are rather adequately instituted.

Since 2012, no single legal act was altered and amended, which would improve the situation. Therefore the score of 2012 is left unchanged.

ACCOUNTABILITY (PRACTICE)

To what extent is there effective oversight of executive activities in practice?

2012 score – 50

2014 score – 75

The 2012 Assessment made several observations both positive and negative about this indicator. On the positive side it was mentioned that the government submits reports as required by the law, the Chamber of Control conducts regular audits in agencies and bodies of the government, and that based on the materials received by the Chamber of Control several criminal files were opened. On the negative side, it was observed that sanction mechanisms were applied in rare cases. It was also mentioned that the system of internal audit was still being installed and implemented.

Regarding the system of internal audit, according to the Ministry of Finance, in 2013, 100 units of internal audits were created, and out of 56 state bodies these units were created in 53.¹⁸⁰ In 2013 the system of internal audit had 206 internal auditors. The scope of audits was broadened and started to include any field of operation of a body, while previously it was only about the financial aspects. In addition, for monitoring internal audits, the Ministry of Finance developed respective software. In 2013, 11 cases of squandering were discovered and the documents were transferred to law enforcement agencies and two cases of abuse were also transferred to law enforcement agencies.¹⁸¹ A thorough assessment of the system of internal audit would be right to do in 2015.

¹⁸⁰ The Ministry of Finance, *Certificate on the Activities Conducted by the Ministry of Finance in 2013*, 8. [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&uact=8&ved=0CC4QFjAC&url=http%3A%2F%2Fwww.mfe.am%2Fresources%2Fattachments%2FReport%25202013%2520Ministry-new\(3\).docx&ei=qf6XU-2KEsTiPlv-gVA&usq=AFQjCNEZPxm50-zvMGxnWseqr31iSzT2eA&sig2=ya5oJwsVQiHAXEFSG8-G6A&bv=bv.68693194.d.bGE](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&uact=8&ved=0CC4QFjAC&url=http%3A%2F%2Fwww.mfe.am%2Fresources%2Fattachments%2FReport%25202013%2520Ministry-new(3).docx&ei=qf6XU-2KEsTiPlv-gVA&usq=AFQjCNEZPxm50-zvMGxnWseqr31iSzT2eA&sig2=ya5oJwsVQiHAXEFSG8-G6A&bv=bv.68693194.d.bGE)

¹⁸¹ *Report on the System of Internal Audit in the Public Sector in 2013* (The Ministry of Finance, 2014), 11. <http://minfin.am/index.php?cat=150&lang=1>.

In September 2012, the president invited a consultation with the participation of the government, adjunct bodies, prosecution and other state bodies, to discuss the findings of President's Oversight Service in the field of procurement.¹⁸² A few days after the consultation, the head of the Procurement Support Center Mr Hakob Beglaryan, was dismissed from office.¹⁸³

The 2012 report of the Chamber of Control drew a quite discouraging picture in the fields of public procurement and construction. It was discovered that in construction, money was being paid for works that were not completed, the quality of work was poor, the prices were artificially raised, and instead of the stated high quality materials low quality materials were being used in construction.¹⁸⁴ The report was presented to the National Assembly in 2013, and caused major clashes between the Chamber of Control and members of the executive. The president invited consultation with the participation of the Chamber of Control, the executive, prosecutor's office and other state bodies.¹⁸⁵ He made several observations, such as that of course all agencies shall feel the sight of the Chamber of Control after them, however, this does not mean that Chamber of Control has the right to make political statements; rather it needs to act as a statistics department, to observe and discover the facts.

No high-level officials resigned or were prosecuted as a result of the 2012 report. Mr Alexander Iskandaryan, thinks that prosecution of officials or sanctioning is about at the same level in 2012.¹⁸⁶

To the query of TI AC,¹⁸⁷ the government's staff responded that they do not have statistics on how many public consultations were conducted in 2013. Screening of the annual report of 2013 of the Chamber of Control, revealed that the government is also being audited.¹⁸⁸

Developments since 2012 objectively draw a positive picture regarding the accountability of the government. Therefore here the score is being raised to 75. Nevertheless, it must be noted, that regardless of positive developments, it is important for that developments to be long-term and sustainable.

INTEGRITY (LAW)

To what extent are there mechanisms in place to ensure the integrity of members of the executive?

2012 score – 50

2014 score – 50

The 2012 Assessment thoroughly described the Law on Public Service in connection to this indicator. It was observed that the Law on Public Service supplements constitutional provisions on limitations for the members of the government. In addition, it discussed different provisions of the law pertaining

182 See: www.president.am/hy/press-release/item/2012/09/15/President-Serzh-Sargsyan-Government-meeting/ [Accessed 19 June 2014].

183 See: http://arka.am/am/news/politics/_ԱրաԳյուրջյանընշանակվելԷԳնուժներհաջաւ կցմանկէնտրոնիդէկավարիպաշտոնակատար/ [Accessed 19 June 2014].

184 The RA Control Chamber, *2012 Annual Report of the Control Chamber of the Republic of Armenia* (Yerevan, 2013)..

185 See: www.president.am/hy/press-release/item/2013/06/29/President-Serzh-Sargsyan-had-a-meeting/ [Accessed 20 June 2014].

186 Interview of the Director of the Caucasus Institute, Alexandr Iskandaryan with the representative of TI AC, 1 July 2014.

187 Response of RA Government Staff to TI AC's official query, 3 April 2014.

188 The RA Control Chamber, *Annual Report of the Control Chamber of the Republic of Armenia 2013* (Yerevan, 2014), 10. <http://coc.am/YearReportsEng.aspx?ReportYear=2013>.

to conflicts of interest, ethics and gifts received by the members of the executive. Since 2012, the relevant changes that occurred are: amendment of the provision of limitations on being engaged in other activities by high-level public officials and broadening one of the exceptions relating to entrepreneurial activities.

The Law HO-5-N (adopted on 23 March 2013) amended Article 24, Part 1 of the Law on Public Service. This provision, before the amendment, stipulated the following: “The public servant or high-ranking public official may not engage in entrepreneurship individually, perform other paid work, save for scientific, academic, creative work or work stemming from the status of the member of an electoral commission.” The amendment just added the following, at the end of the sentence: “unless otherwise is provided by the Electoral Code”.

The second relevant change relates to the same Article, but Point 8, Part 3. Part 3 refers to those exceptions that are not considered as entrepreneurship. Currently, this point is read as following:

“... receiving royalties on the use or the right to use a work of literature, art or scientific work, on the use or the right to use any copyright, license, trademark, design or model, plan, secret formula or process, a program for electronic computers and databases or industrial, commercial or scientific equipment, or for the provision of information on an industrial, technological, organizational, commercial, and scientific experience.”

The amendment, after the end of the sentence, adds the following:

“... being engaged in the Board of Directors of those trade organizations in which the Republic of Armenia has 75 or more percent participation, if the engagement directly relates to the implementation of the policy under the office of a high level public official or public servant, without receiving remuneration or compensation in any manner, or without the right to benefit from social guarantees or other services or privileges prescribed for those who are not public servants or high-level public officials.”

This amendment was made by the Law HO-174-N, adopted on 12 December 2013 and entered into legal force on the 1 July 2014.

Those amendments and alterations do not have the potential to change the situation dramatically, simply because for adoption of both amendments there was no strong public demand. There were not a large number of reported cases that would justify these amendments.

INTEGRITY (PRACTICE)

To what extent is the integrity of members of the executive ensured in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment observed that there is not much information about the enforcement of rules. It was also observed that there were no proven cases of the revolving door. Nevertheless, the Nations in Transit 2013 report, noted:

“Excessive overlap between political and economic interests in Armenia has depleted public trust in political elites, as has their record of rigged elections and corrupt administrative practices.”¹⁸⁹

Regarding enforcement of codes and rules little is known. In response to TI AC’s official query,¹⁹⁰ the staff of the government only provided data on disciplinary liability cases of employees in the staff of the government, according to which during 2013, three employees were subjected to disciplinary liability. The Progress Update 2014 on Armenia, of the Istanbul Anti-corruption Action Plan clearly mentioned:

“Ethics committees within public institutions are being put in place according to the September 2012 Civil Service Council Decree On Creation of Civil Service Ethics Committees. However, more detailed information is lacking, in which institutions such committees have been set up in practice and if they are operating.”¹⁹¹

Regarding the effectiveness of the Ethics Commission for High-Level Public Officials, the latter document stated:

“Ethics Commission for High-Ranking Officials has been established in 2012. The Commission has become operational and fulfils some of its functions in practice. Nonetheless, the level of activity and public awareness are very low yet. The capacities of the Commission seem to be insufficient (only one support staff).”¹⁹²

It seems that although the Commission is formed of quite qualified and committed members, their powers are not sufficient to rigorously implement their mission.

Regarding conflicts of interest among high-level public officials, perhaps the best description of the current situation was given by the president, in his meeting with the representatives of media. During the 18 March 2013 meeting, in answer to a question on why politics and business are not separated, and why there are oligarchs in parliament, he noted the following: “I never said that businessmen have no place in the Republican Party. Businessmen not in fictional terms, i.e. one who is perceived as such, even though on the paper everything is fine, like they are not businessmen, but in reality they are”.¹⁹³ This observation can be generalised and it can cover not only MPs but long list of high-level public officials.

The US State Department in 2013 Investment Climate Statement in Armenia noted:

“Powerful officials at the federal, district, or local levels acquire direct, partial or indirect control over emerging private firms. Such control is exercised through a hidden partner or through majority ownership of a prosperous private company. This involvement can also be indirect, e.g., through close relatives and friends. These practices promote protectionism, encourage the creation of monopolies or oligopolies, hinder competition, and undermine the image of the government as a facilitator of private sector growth.”¹⁹⁴

189 Aleksandr Iskandaryan, *Nations in Transit 2013: Armenia*.

190 Response of RA Government Staff to TI AC’s official query, 3 April 2014.

191 Anti-Corruption Network for Eastern Europe and Central Asia, *Istanbul Anti-corruption Action Plan – Armenia: Progress Update*, 20.

192 *Ibid.*, 20.

193 See: www.president.am/hy/interviews-and-press-conferences/item/2013/03/18/President-Serzh-Sargsyan-press-conference/ [Accessed 20 June 2014].

194 See: www.state.gov/e/eb/rls/othr/ics/2013/204593.htm.

Policy Forum Armenia noted: “Many top level public officials are also directly engaged in business activities...”¹⁹⁵ Another report noted the involvement of state officials in the importing of goods sector.¹⁹⁶

As regards revolving doors, little is known: the media has not reported any cases, and in response to the query of TIAC,¹⁹⁷ the government’s staff answered that they do not have statistics about revolving door cases of former high-level public officials. In view of the above mentioned, there are no grounds to increase or decrease the score.

PUBLIC SECTOR MANAGEMENT (LAW AND PRACTICE)

To what extent is the executive committed to and engaged in developing a well-governed public sector?

2012 score – 50

2014 score – 50

The 2012 Assessment noted that, “in general the legal framework for the public service management by executive is rather adequate”. It was observed that for the effective supervision of the civil service, the Civil Service Council and institute of the heads of staff of Republican Executive Bodies were established. It was also observed that a major problem was that the Law on Public Service does not foresee the existence of a special body, similar to Civil Service Council, which would enable the executive to supervise and manage the whole public service system as a unified entity regulated through uniform policy mechanisms. Since 2012, no major changes have occurred. Except for increases in salaries, which is mentioned in the pillar of “Public sector” and in the “Resource” indicator of this pillar, no substantial changes occurred to change the score.

The Bertelsmann Transformation Index 2014 reported that:

“While most of the state’s ministries and departments are in hierarchical subordination to the executive and have little room in practice for independent institution-building, relatively liberal institutions exist at regional and municipal levels of administration.”¹⁹⁸

And at the same time:

“In terms of basic administration, the Armenian system is fairly well-developed, with generally competent administrative structures operating on many levels of government... Despite a series of recent civil service reforms, corruption within administrative structures remains a serious challenge. Administration remains hindered by the legacy of Soviet-era practices, many of which are grossly inefficient and overly bureaucratic... The inherent lack of professionalism and lower level of efficiency are especially prevalent throughout the less developed rural regions of the countryside, but such shortcomings are also evident in larger towns and cities.”

195 Policy Forum Armenia. *State of the Nation Report*, 12

196 HMF/FES. *Monopolies in Armenia* (Yerevan: HMF/FES, 2013), 57. www.maroukhanfoundation.org/english/wp-content/uploads/2013/02/Monopolies-eng-web.pdf.

197 Response of RA Government Staff to TIAC’s official query, 3 April 2014.

198 Bertelsmann Stiftung, *BTI 2014*.

Mr Iskandaryan, regarding the issue of recruitment based on skills and expertise, noted that in his opinion, the situation is the same as used to be.¹⁹⁹ No substantial changes occurred to change the score.

LEGAL SYSTEM (LAW AND PRACTICE)

To what extent does the executive prioritise public accountability and the fight against corruption as a concern in the country?

2012 score – 50

2014 score – 50

The 2012 Assessment, regarding the legal system discussed three documents: the Government Program 2008–2012, the Anti-Corruption Strategy, and the 2009–2012 Action Plan. On 18 June 2012 the Government's 2012–2017 Program was adopted. Priority number three of the Program relates to the enhancement of institutional capacities, within which it is mentioned that the government will be working on the elimination of the causes of corruption, through which it will increase transparency and will put stress on the “preventive” approach.²⁰⁰ Chapter 3.3 of the document is named “Policy of Institutional Development”, within which there is a subchapter on “Reform of the Governance System and the fight against corruption”.²⁰¹ This subchapter includes such steps as: to install unified and just system of remuneration for public servants; to install social guarantees for them; to clearly define functions of state institutions and delegate to private sector those services which can be performed better by it; to minimise intrusion into affairs of businesses; and to take effective steps to separate business from politics.

On 10 April 2014, by the decision of the Government Concept on the fight against corruption in the public sector was adopted.²⁰² TI AC had direct participation in the drafting of this document, as two of its representatives were members of the working group responsible for drafting it. They contributed both in the way of full participation and also drafted sections on whistleblowing, anti-corruption education and a monitoring system. This document is strategic and provides a vision of how Armenia can fight corruption in the public sector. For the first time in Armenia's history, the issue of whistleblowing has been given special focus and attention. In addition, special focus is devoted to the issue of participatory governance. It can be said, that for the first time in Armenia, a concept on the anti-corruption struggle has been drafted. This document can become a priceless milestone on which further strategy can be based. If a new anti-corruption strategy is developed following the vision presented in this Concept, it would be both effective and realistic.

On 5 December 2013 the government's decree no. 1363-N on establishing a Department on the Monitoring of Anti-corruption programs within the staff of the government was adopted. It is still not functioning fully, but it is being anticipated that since July it will start to operate.

In response to TI AC's official query²⁰³ the government's staff answered that it does not have information about inter-agency cooperation against corruption for 2012–2013 period. It also does not

199 Ibid.

200 The Government of the Republic of Armenia, RA Government Program (Yerevan: 2012), 7. www.gov.am/files/docs/970.pdf.

201 Ibid., 31.

202 See: <http://gov.am/am/news/item/11215/https://www.e-gov.am/sessions/archive/2014/04/10/> [Accessed 21 June 2014].

203 Response of RA Government Staff to TI AC's official query, 3 April 2014.

have data on joint initiatives by the state bodies and business on the fight against corruption for 2013. The government has not conducted any surveys to understand which parts of society knows about corruption and how to fight it.

In spite of these developments, the score remains the same. The abovementioned Concept, for example, is not enough to consider that Armenia has comprehensive anti-corruption policy framework to combat corruption, because still there is no adopted anti-corruption strategy or action plan.

JUDICIARY

Summary

Since the 2012 Assessment a number of developments have taken place concerning the judiciary. From the legal point of view, adoption of the Law on Academy of Justice and further establishment of the Academy affords the potential to increase the level of independence of the judiciary. The final say on the appointment of judges is a constitutional prerogative of the president, but this new law has a potential to produce high-level candidates to serve as judges, virtually eliminating any influence of other branches power over the production of the list of candidates.

However, a number of negative developments took place during this period, which affected the scores for the indicators on “independence” (practice), “accountability” (practice), “integrity” (practice) and “corruption prosecution”. The scores for these indicators decreased by 25. The main reasons were a number of observations provided by reliable think-thanks and other organisations, such as Freedom House, Policy Forum Armenia, Caucasus Research Resource Centers, Bertelsmann Stiftung, American Bar Association and the Human Rights Defender of Armenia.

Notable among those was the December 2013 release of an extraordinary report by the Human Rights Defender on the “Right to Fair Trial in Armenia”.²⁰⁴ This report was produced based on anonymous interviews and it describes all the peculiarities of corruption schemes in the judiciary, including the use of price lists related to judicial decisions. The report met with the highest resistance and critique from the judiciary, but except for general criticism, no research, initiatives or national programmes were initiated by the judiciary to respond to the report or to improve levels of trust.

Thus, the judiciary remains one of the weakest pillars of the Armenia’s integrity system. It is still not properly independent, it has low trust among the public and it is perceived as extremely corrupt. According to the recent data of Caucasus Barometer 2013, 70 per cent of those interviewed consider that judiciary is not free from the Armenian authorities.²⁰⁵

204 The Ombudsmen of Armenia, *Fair Trial in Armenia*, 10.

205 CRRRC Armenia, *Caucasus Barometer*, 15.

Table of indicator scores

Judiciary			
Overall Pillar Score: 52.16			
	Indicator	Law	Practice
Capacity 56.25	Resources	75	50
	Independence	75	25
Governance 62.5	Transparency	75	75
	Accountability	100	25
	Integrity mechanisms	75	25
Role 37.5	Executive oversight		50
	Corruption prosecution		25

STRUCTURE AND ORGANISATION

The 2012 Assessment thoroughly described the organisational structure of the judiciary by indicating the powers and roles of each level of the judiciary. According to the Constitution justice in Armenia is administered solely by courts.²⁰⁶ Structurally, the Armenian judicial system consists of three subsystems, namely, the Constitutional Court of Armenia, courts of general jurisdiction and specialised courts.²⁰⁷ The highest judicial instance in Armenia, except for the matters related to the constitutional justice, is the Court of Cassation, and besides it the judiciary is comprised of the courts of first instance, courts of appeals, and, also, if prescribed by law, specialised courts.²⁰⁸ The same Article of the Constitution also provides that establishment of extraordinary courts is prohibited. The Judicial Code provides that there shall be three courts of Appeal, the Civil Court of Appeals, Criminal Court of Appeal and Administrative Court of Appeals.²⁰⁹ By the same Article it is defined that specialised courts in Armenia are the Administrative Court and Administrative Court of Appeals.²¹⁰ The Judicial Code also defines that there shall be 16 courts of general instance in Armenia (seven in Yerevan and nine in the marzes),²¹¹ each of which is comprised of the chair of the court and judges.²¹² The number of judges varies from court to court, depending on the size of the population under its jurisdiction. The Administrative Court shall be located in Yerevan and consist of the chair and 16 judges.²¹³

All three courts of appeal are located in Yerevan.²¹⁴ The Civil Court of Appeals and Criminal Court of Appeals consists of the chair and 15 judges, and the Administrative Court of Appeals of a chair and six

206 RA Constitution, Article 91.

207 Commentaries to the Constitution of the Republic of Armenia, 906.

208 RA Constitution, Article 92. This provision implies that the sub-systems of the courts of general jurisdiction and specialised courts are three level systems, though the Constitution does not explicitly mention that. The first level is comprised of the courts of first instance, second – courts of appeal and third – Court of Cassation.

209 RA Judicial Code, Article 41.

210 These two specialised courts are the first and second level courts of the system of administrative courts.

211 In Yerevan there is one court in each of the largest two administrative districts (Shengavit and Malatia-Sebastia), and the jurisdiction of each of the remaining five courts covers two adjacent districts. Outside Yerevan in each of eight (out of 10 marzes) there is one court, and two adjacent marzes (Ararat and VayotsDzor, the smallest marz of Armenia) are covered by one court.

212 RA Judicial Code, Article 24.

213 Ibid., Article 37.

214 Ibid., Article 41.

judges.²¹⁵ The Court of Cassation is also located in Yerevan and consist of the chair and 14 judges.²¹⁶ It shall consist of two chambers, the criminal chamber, and chamber of civil and administrative matters, each of which consist of a chair and five and nine judges, respectively.

Article 93 of the Constitution defines that constitutional justice in Armenia is administered by the Constitutional Court, whose composition, powers, scope of those, who could appeal to the Court, as well as basic principles of its performance are defined by Articles 99-102 of the Constitution. In particular, Article 99 of the Constitution defines that the constitutional court consists of nine members. Four of its members are appointed by the president,²¹⁷ and five by the National Assembly.²¹⁸ The NA also appoints the chair of the Constitutional Court.

Finally, an important component of the Armenian judicial system is the Council of Justice. Article 94.1 defines that the Council of Justice should consist of nine judges elected for a five-year period through a secret ballot at the general meeting of the judges of Armenia and four legal scientists, two of whom are appointed by the president and two others by the NA. The Council of Justice plays a key role in the appointment, promotion and suspension of the powers of judges (except the members of the Constitutional Court), as well as imposing disciplinary sanctions on them.

Since the 2012 Assessment a number of changes have occurred in the legal framework pertaining to the structure and operation of the judiciary. In this part, the statutory number of judges of the Administrative Court has been changed. Previously, it was composed from the chair of the Court and 16 judges, but since 1 January 2013 it became 27 (the chairman and 26 judges).²¹⁹

A new component of the judiciary, which has replaced Judicial School and Prosecution's School, is the Academy of Justice, which started operating on 14 March 2014. The main functions of the Academy are: organisation and conduct of the technical education of those individuals who were included in the lists of judges and prosecutors as a result of qualification examinations; organisation and conduct of professional development for judges, prosecutors, people who studied at the Academy and were included in the lists of candidates of judges; organisation and conduct of professional development of judicial servants, state servants of the prosecution's staff and bailiffs; organisation and conduct special education for using special tools and arms for the judges, prosecutors and bailiffs.²²⁰

RESOURCES (LAW)

To what extent are there laws seeking to ensure appropriate tenure policies, salaries and working conditions of the judiciary?

2012 score – 100

2014 score – 75

The 2012 Assessment comprehensively assessed this indicator in terms of the wages, tenure, appointment and budgetary allocations. This indicator was assessed as highly positively and it was mentioned that in general the legislation ensures appropriate salaries, working conditions and tenure

215 Ibid.

216 Ibid., Article 52.

217 RA Constitution, Article 55, Point 10.

218 Ibid., Article 83, Point 1.

219 Law No. HO-246-N, Article 1, adopted on 19 December 2012.

220 RA Law on Academy of Justice, Law no.HO-50-N, adopted on 2 May 2013.

policies for the judiciary. A minor change is that since 1 July 2014 all issues of salaries of judges will be regulated by.

For 2014 the base pay rate of a judge, according to Article 9 of the 2012 Law on State Budget, was 478,405,0 AMD, which is approximately US\$1,162, the same rate as 2013. Article 5 of the Law on the Remuneration of Persons who hold State Offices foresees that again each year the basic pay rate will be decided by annual state budget. The annexes of the Law also will change the pay rates and supplements. The salaries of Constitutional Court members were changed: now the Chief Justice of the Constitutional Court receives 730080 AMD, which is approximately US\$1,750, instead of previous 680.000 AMD, and other members receive 646190 AMD, which is about US\$1550 instead of previous 600.000 AMD.²²¹

The Working Group on Efficient Judicial Systems mentioned: "...it would be advisable for national authorities to consider how and to what extent the judiciary, through the self-governing bodies can be involved in the determination of judicial remuneration".²²² Regarding budgetary drafting processes, the Working Group on Efficient Judicial Systems, noted that the situation of budgetary process in 2013, that: "This situation is not in line with European best practice".²²³ Therefore, the score is being decreased to 75.

RESOURCES (PRACTICE)

To what extent does the judiciary have adequate levels of financial resources, staffing, and infrastructure to operate effectively in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment scored this indicator 50; in view of budget apportion procedures, insufficiency of salaries, and technical equipment. It was observed that the salary of judges was not enough to maintain a four-person household. It also quoted the Foreign Policy Center's recommendation on further increasing the salaries of judges.²²⁴ In addition, it observed that the budget drafting process was not in line with European best practice because of limited participation of Justice Council in the process.²²⁵ Since 2012, several developments have taken place, which are described below.

ABA ROLI in its Judicial Reform Index 2012 on Armenia, regarding the factor of "Budgetary Input" noted: "Generally, judges perceived the budget to be minimal but adequate".²²⁶ Perhaps, the most useful observations is the following excerpt:

221 Law no. HO-190-N, Article 3, adopted on 13 December 2013.

222 Working Group on Efficient Judicial Systems/ Eastern Partnership – Enhancing Judicial Reform in Eastern Partnership Countries, *Project Report on Judicial Self-Governing Bodies: Judges' Career* (Strasbourg: The European Union/Council of Europe, 2013), 73. www.coe.int/t/dghl/cooperation/capacitybuilding/source/judic_reform/ENG%20March%20Report%20Independant%20Judicial%20Systems.pdf.

223 Working Group on Efficient Judicial Systems/Eastern Partnership- Enhancing Judicial Reform in Eastern Partnership Countries. *Project Report* (Strasbourg: The European Union/Council of Europe, 2013), 52. www.coe.int/t/dghl/cooperation/capacitybuilding/source/judic_reform/FINAL%20efficient%20judicial%20systems%20EN%20March%202013.pdf.

224 Adam Hug, *Spotlight on Armenia* (London: Foreign Policy Centre, 2011), 5. <http://fpc.org.uk/fsblob/1331.pdf>.

225 Working Group on Efficient Judicial Systems/ Eastern Partnership- Enhancing Judicial Reform in Eastern Partnership Countries, *Project Report on Judicial Self-Governing Bodies: Judges' Career*, 31.

226 Rule of Law Initiative, *Judicial Reform Index for Armenia* (American Bar Association, 2012), 39. www.americanbar.org/content/dam/aba/directories/roli/armenia/armenia_jri_vol_iv_english_12_2012.authcheckdam.pdf.

“Most judges and judicial servants agreed that the budget covered everything needed to keep the courts functioning, but not any extras. Occasionally, judges reportedly still resort to using their own funds to buy office supplies. At the same time, judges and judicial servants agreed that increased human resources are most needed, including both more staff and higher salaries in order to recruit highly-qualified staff. Judges noted that they are not able to provide input on the budget or make budget requests.”²²⁷

On judicial salaries, the survey mentioned: “However, judges indicated that their salaries continue to be inadequate, particularly as compared to the private sector”.²²⁸ And:

“However, judges also pointed out that private-sector salaries for a lawyer with comparable experience are significantly higher, and most judges believed that their salaries do not reflect the status of the judiciary. Both judges and non-judicial interviewees generally agreed that judicial salaries are low, although many stated that this reflects the overall economic picture in Armenia. Some interviewees believed that low salaries contribute to judicial corruption, although others believed that judicial salaries are merely used to justify corruption.”²²⁹

However, one must keep in mind that this portrays the situation in 2012, and recent changes in legislation should be taken into account. These are described in the “Law” section of this report. Judges’ salaries are composed from: base pay rate (for first instance court judges), official pay rates (for other judges) and supplements (for all judges).

As regards the number of supporting staff, the legal requirements were not changed since the 2012 Assessment. However, ABA ROLI observed:

“Judges are supported by judicial assistants and administrative staff, but interviewees from first instance courts of general jurisdiction reported that they do not have sufficient human resources to efficiently manage their caseloads. Judicial assistants are only required to participate in continuing legal education every three years, and many interviewees reported that judicial assistants lack knowledge of new developments in Armenian and international law.”²³⁰

Regarding staff, the ENP Implementation Country Report on Armenia for 2013, noted:

“More reforms are necessary in terms of access to justice including increasing the quality of the judicial process and capacity building of staff.”²³¹

Regarding the equipment, the ABA ROLI stated:

“Judges and their assistants have computers with access to the Internet, as well as all other equipment needed to handle their caseload in a reasonably efficient manner.”²³²

227 Ibid., 40.

228 Ibid., 41.

229 Ibid., 42.

230 Ibid., 69.

231 European Commission, *Joint Staff Working Document: Implementation of the European Neighborhood Policy in Armenia: Progress in 2013 and Recommendations for Actions* (Brussels: EC, 2014), 6. http://eeas.europa.eu/enp/pdf/2014/country-reports/armenia_en.pdf.

232 Rule of Law Initiative, *Judicial Reform Index for Armenia*, 75.

The same positive finding is mentioned about the judicial buildings:

“Courthouses are generally conveniently located and easy to find. Many courthouses in Armenia have been recently remodeled, although poor conditions remain in non-renovated courthouses. Interviewees reported no serious concerns about judicial buildings.”²³³

On electronic and random assignment of cases it was observed that:

“In the majority of Armenia’s first instance courts of general jurisdiction, cases are assigned to judges randomly using electronic case assignment. In practice, however, court chairs reportedly are able to influence the reassignment of cases to particular judges.”²³⁴

And again:

“Judges and court personnel can access case-related data through a centralized, automated CAST system, which is installed in courts throughout Armenia. In addition, the electronic DataLex system was established to ensure public access to case records, and DataLex electronic information kiosks are available in courthouse lobbies. Interviewees believed that cases are generally entered promptly into the DataLex system, and stated that cases are normally heard in a reasonably efficient manner.”²³⁵

As regards legal requirements on training, it was thoroughly discussed in the law dimension of ‘Resources’ indicator of this report. About trainings the ABA ROLI mentioned:

“While judges receive ongoing training on the applicable ethical standards and are said to be well aware of them, reportedly they persistently fail to comply with these standards”.²³⁶

In response to TI AC’s official query, the Judicial Department reported that during 2013, all judges (around 220 judges) underwent training in the Judicial School.²³⁷ Those judges made topical choices based on their professional orientation. There are around 1,009 judicial servants. During the year there were people who resigned (175), but also new people were hired. During the same period 213 judicial servants underwent training. The Judicial Department also noted that technical equipment since 2012 was secured for the judges.

In view of the above, although there is potential to increase the score, the most important component, salaries of judges, is still not at the level required to ensure independence of judges. Therefore, the score remains the same.

INDEPENDENCE (LAW)

To what extent is the judiciary independent by law?

2012 score – 50

2014 score – 75

This indicator was granted a low score in the 2012 Assessment. It was particularly noted that the Council of Justice did not have the necessary level of independence from the president, in terms of the appointment, promotion, and suspension from duties of the judges or the imposition of sanctions.

233 Ibid., 43.

234 Ibid., 55.

235 Ibid., 74.

236 Ibid., 2.

237 Response of RA Judicial Department to TI AC’s official query, 19 June 2014.

Despite the amendments and alterations made since the 2012 and outlined below, still the president retains a crucial role.

In June 2012 amendments and alterations in the Judicial Code were adopted. The most important of them are:²³⁸

- The qualification procedure of the candidates became more secure from manipulation. For the development of examination questions of the candidates, the Council of Justice involves respective specialists or specialised companies. The specialist, or the specialised company, bears responsibility for keeping the questions secret from any third party.²³⁹ Besides, the Criminal Code was amended with a new Article 332.4 for sanctioning breaching of the secrecy of examination questions.²⁴⁰
- Article 120 of the Judicial Code, which provides the grounds for exclusion of a person from the list of judicial candidates, was re-edited and became clearer. The most notable grounds for exclusion are: the candidate did not participate in the annual training programme, without having a proper excuse; after graduating from the Academy, the candidate for more than four months has not occupied a job which requires qualification of a lawyer and at the same time has not applied to work in the Judicial Department; without proper excuses the candidate missed more than 20 per cent of classes or missed more than 50 per cent of classes because of temporary disability, except for the cases of being granted deferment; the candidate did not receive the minimum score for a class or did not pass the probation period. For some of these cases, especially with regards to not being occupied in a position that requires legal qualifications, the chief of the Cassation applies to the Council of Justice with the request to exclude the candidate from the list of candidates. For the aforementioned remaining cases, the Board of the Academy applies to the Council of Justice, with an identical request. The Council of Justice decides on the fate of the application in a manner of open voting. In the case of positive voting, the Council of Justice applies to the president with the petition to exclude the candidate from the list. If the procedures had not been violated, then the president is obliged to exclude the candidate from the list, within 10 days of receiving the petition.

All these developments potentially enhance the independence of judiciary. They provide better guarantees on preventing manipulation and favouritism. This mechanism, provided it is enforced properly, can secure candidates from being arbitrarily treated. These new developments suggest an increase in the score for this indicator.

INDEPENDENCE (PRACTICE)

To what extent does the judiciary operate without interference from the government or other actors?

2012 score – 50

2014 score – 25

The 2012 Assessment evaluated this indicator not very positively. It was observed that even in theory it was impossible to claim that the appointment procedure of judges was based on clear professional criteria, because the last word on the appointment belongs to the president. In this regard several

238 Law no. HO-51-N, adopted on 17 June 2013.

239 This change was made in the form of amending Article 115 of the Judicial Code, with a new Paragraph 3.1

240 This Article was amended by the Law no. HO-56-N, adopted on 2 May 2013.

experts were quoted who also shared the same opinion, in their research. In addition, it was noted that some newly appointed judges were relatives of some high-level officials.

The Judicial Department in its answer noted that during 2013, four judges were transferred within the same instance of court.²⁴¹ The reasons of transfer mainly were connected with health conditions, family situations, the efficiency of performed work, and overload of courts. In addition, two judges were promoted: one judge was appointed in the Court of Appeals and another became president of the same court where he was serving. During the last two years only one judge was removed from office, as a result of the application of a disciplinary fine. As for political interference it was noted in the response that each year the number of acquittals are increasing and appeals against judicial acts compose only 10 per cent.

The head of Protection of Rights Without Borders, a local NGO, Ms Haykuhi Harutyunyan, in her interview with the TI AC,²⁴² noted that during the last two years removals of judges from their office became better grounded. She thinks that the level of competence of decisions of the Council of Justice was raised, which may create a perception that decisions were better grounded. As for transfer or demolition of judges because of decisions/verdicts they adopted, she noted that she is not aware of any incidents that took place during the last two years. She also noted that during the last two years, there has not been much change in the level of independence of Council of Chairmen of the Courts or Council of Justice.

On the question of political interference, she noted that now there are no cases connected with political crisis, as was the case in the 2008–2010 period. Due to the absence of such cases it may create the perception that the judiciary is secure from political interference, but when we compare the cases connected with election administration, she thinks that the judiciary is not secure from political interference.

Policy Forum Armenia, a US based NGO, at the end of 2013 noted:

“The courts remain an inseparable component of the executive branch of government subject to arbitrary intervention and pressure. The establishment of an independent and unbiased court system is impossible given these conditions.”²⁴³

Freedom House, in its Nations in Transit 2013 Report, regarding independence of judges in Armenia noted:

“The judiciary is subject to political pressure from the executive branch and suffers from considerable corruption.”²⁴⁴

According to the recent Caucasus Barometer 2013, 70 per cent of the interviewed consider that the judiciary is not free from the authorities.²⁴⁵ This compares with only 33 per cent of Georgians who answered the same question about the Georgian judiciary.

241 Response of RA Judicial Department to TI AC's official query, 19 June 2014.

242 Interview of the President of “Protection of Rights without Borders” NGO, Haykuhi Harutyunyan with the representative of TI AC, 17 June 2014.

243 Policy Forum Armenia, *State of the Nation Report*, 24.

244 Aleksandr Iskandaryan, *Nations in Transit 2013: Armenia*.

245 CRRCA Armenia, *Caucasus Barometer*, 15.

In December 2013, the Human Rights Defender produced an extraordinary report that was based on the interviewees with anonymous whistleblowers. The report describes in detail the corruption schemes inside of the judiciary. In addition, it even provides price-ranges of particular corruption schemes.²⁴⁶

In view of the above, it can be said that situation has worsened and therefore this indicator is being allocated the second minimum score of 25.

TRANSPARENCY (LAW)

To what extent are there provisions in place to ensure that the public can obtain relevant information on the activities and decision-making processes of the judiciary?

2012 score – 75

2014 score – 75

The 2012 Assessment comprehensively discussed the transparency requirements pertaining to the transparency of documents issued by the judicial bodies or concerning them, the operation of judiciary, declarations of assets and income of judges. It was observed that judges are considered as high-level public officials and are obliged to provide declarations on their income and assets. Overall, the assessment of the legal framework of the transparency of judiciary was quite positive.

Since the 2012 Assessment, no major changes have occurred.

TRANSPARENCY (PRACTICE)

To what extent does the public have access to judicial information and activities in practice?

2012 score – 75

2014 score – 75

The 2012 Assessment, evaluated this indicator quite positively. It was observed that there are three websites for different purposes. In addition, it was noted that information on judgments are widely accessible through different means: websites, the Official Bulletin, participation in hearings, and queries.

Ms Harutyunyan noted that this is the only indicator for which she observes development. The website www.datalex.am now provides more comprehensive information. The same is true of www.court.am. In addition, she noted the development of a new website www.dataran.am, which she also considers useful. This website is the official website of the Judicial Department, and fills the information gaps left by the www.datalex.am and www.court.am. The Judicial Department in its response to TI AC's official query,²⁴⁷ noted that www.court.am is regularly updated.

The Judicial Reform Index 2012, mentioned that:

“... court proceedings are generally open to, and can accommodate, the public and the media. In practice, court proceedings are generally open, with the exception of pretrial detention

²⁴⁶ The Ombudsmen of Armenia, *Fair Trial in Armenia*, 10.

²⁴⁷ Response of RA Judicial Department to TI AC's official query, 19 June 2014.

hearings in criminal cases. The public and the media can obtain information on hearing dates and times from the kiosks and electronic screens located in courthouse lobbies. It should be noted that the 85% of courthouses in Armenia that have been renovated now have adequate courtroom space to allow open proceedings.²⁴⁸

A major area of concern expressed by interviewees is that the Cassation Court does not publish admissibility decisions, with the exception of the decisions on returning final judicial acts on the merits of lower courts.²⁴⁹ However, transparency in and access to court proceedings and court-related information is continuing to improve. Most courthouses in Armenia now have adequate courtroom space to accommodate open proceedings.

Taking into consideration the above, the score remains the same.

ACCOUNTABILITY (LAW)

To what extent are provisions in place to ensure that the judiciary has to report and be answerable for its actions?

2012 score – 100

2014 score – 100

The 2012 Assessment noted that Armenian legislation contains sufficient provisions to ensure that judges have to report and are answerable for their actions. Therefore it granted the maximum score of 100.

The major legal criteria for the accountability of the judiciary are: a) requirement for judges and members of the Constitutional Court to give reasons for their decisions; b) existence of an independent body for the investigation of complaints against judges and formal procedure for complaint; c) existence of legal mechanisms for the protection of complainants; and, d) the possibility for public censuring/reprimanding, fining, suspending or removing of the judge.

Since the 2012 Assessment, one positive development has occurred. Particularly, Law no. HO-90-N was adopted, which inter alia amended Article 104 of the Judicial Code. The essence of the amendment is that the member of the Council of Justice does not participate in adoption of those decisions which relate to the inclusion of a person in the list of candidates or promotion of judges, who is the spouse of the member or is a blood relations to him/her up to the third degree.²⁵⁰

ACCOUNTABILITY (PRACTICE)

To what extent do members of the judiciary have to report and be answerable for their actions in practice?

2012 score – 50

2014 score – 25

The 2012 Assessment evaluated this indicator not very positively. One problem observed was the improper justification/reasoning of judicial acts. It was noted that during the period of time covered by

248 Rule of Law Initiative, *Judicial Reform Index for Armenia*, 64-65.

249 Ibid., 66.

250 Law No. HO-90-N, adopted on 3 August 2013.

the 2012 Assessment some scandalous events occurred, especially the early termination of powers of Judge Mnacakanyan, because of the release of a defendant on bail when the prosecution did not object, and tensions rose between Chamber of Advocates and Court of Cassation.

Ms Harutyunyan noted that she does not believe that since 2012 the number of properly reasoned judicial acts has increased.²⁵¹ She said that Protection of Rights without Borders recently conducted research on military cases and analysed 120 judicial acts. What they found was that the majority of judicial acts use kind of “sampled form of judicial acts”, which in her opinion is an indicator that judges do not try to “mix” factual circumstances with the law and come to proper conclusion. On the issue of being subjected to responsibility for breaching the rules of conduct, she noted that the number of disciplinary responsibility cases has doubled during the last two years. However, she noted that she is not aware of disciplinary cases that would be linked with receiving gifts or conflicts of interest.

The Judicial Department in its response mentioned that in 2012 the Staff of Council of Justice received 346 complaints and in 2013 the number of complaints lodged was 537. ABA ROLI in this regard noted:

“While decisions of lower courts are available online and can be found on the DataLex system, these decisions are often not reasoned as extensively and properly as required by internationally accepted standards”.²⁵²

And also:

“The accredited advocates system, which required parties to hire accredited advocates in order to appeal a case to the Cassation Court, was abolished in 2008, allowing individuals to apply directly to the Court and resulting in a large increase in the number of filings. Although this is generally viewed as a positive development, interviewees complained that the Court does not provide reasoning for admissibility or inadmissibility decisions except in limited circumstances stipulated by Article 50(4) of the Judicial Code. The Cassation Court strongly maintains that each case receives careful consideration, but that providing a reasoned decision for each inadmissible case would create an unmanageable amount of additional work.”²⁵³

The Human Rights Defender published an extraordinary report in 2013, by interviewing large number of anonymous judges, advocates and prosecutors. In the report, it is mentioned that judges can be divided into three groups: a) judges who agree each judicial act which they go to adopt with a judge at Cassation Court; b) judges who agree with a judge at Cassation Court only those judicial acts which they are going to adopt, which are considered as cases which must be agreed by the judges in Cassation Court; c) few judges who are independent and not liked by their colleagues.²⁵⁴

Taking into account information presented the score for this indicator has been reduced to 25.

251 Interview of the President of “Protection of Rights without Borders” NGO, Haykuhi Harutyunyan with the representative of TIAC, 17 June 2014.

252 Rule of Law Initiative, *Judicial Reform Index for Armenia 2*

253 Ibid., 2.

254 The Ombudsmen of Armenia, *Fair Trial in Armenia*, 10.

INTEGRITY MECHANISMS (LAW)

To what extent are there mechanisms in place to ensure the integrity of members of the judiciary?

2012 score – 75

2014 score – 75

The 2012 Assessment analysed integrity in terms of the mechanisms available under the Law on Public Service and in the different Procedure Codes (civil, administrative, criminal). It provided analysis regarding grounds for making motions of self-refusal of a judge during the trial process, when one of the parties make such a motion or when a judge makes such motion under their own initiative. It discussed the issue of declaration of assets and income. The overall assessment was quite positive, which justified the allocated high score.

Since the 2012 Assessment, amendments were made to the legal framework, which concern the integrity of individuals on the list of candidates. The Judicial Code was amended with a new Article 166.1.²⁵⁵ This stipulates that rules of conduct of judges, present in the Judicial Code, also relate to individuals on the list of candidates. At the first stage, the issue is being considered by the Ethics Commission, which can just discuss the issue and not take any further actions, if the violation is not perpetual and is not gross. Otherwise, the Ethics Commission asks the Disciplinary Commission of the Council of Justice to consider the issue. There are four types of fine that can be exercised against the candidate: warning, reprimand, sharp reprimand and the petition to the president to exclude the candidate from the list. If two weeks after receiving the petition, the candidate is not excluded from the list, then he is considered as one who was subjected to a sharp reprimand. Again, it is left to sole the discretion of the president, to exclude the candidate from the list or not, and there are no mandatory requirements for the president to decide about the fate of the petition in a certain way.

INTEGRITY MECHANISM (PRACTICE)

To what extent is the integrity of members of the judiciary ensured in practice?

2012 score – 50

2014 score – 25

The 2012 Assessment noted that some asset declarations were submitted to the Ethics Commission for High-Level Public Officials, but no mechanism was put in place to monitor the submitted declarations. No further information was presented, due to the fact that Ethics Commission for High-Level Public Officials had only recently been created. Also numbers on the ethics violations by judges were presented. In 2011 the Council of Justice adopted 16 decisions on disciplinary issues of judges and in six of them found breaches of Code of Conduct of Judges (eight judges). According to the information published at the end of 2011, seven cases regarding disciplinary violations of judges were initiated by the Disciplinary Commission and two cases were sent to Ethics Commission. By June 2012 the Judicial Council adopted decisions on disciplinary violations committed by seven judges.

Since 2012, the declarations of judges are properly published on the website of Ethics Commission. In

²⁵⁵ Law No. HO-51-N, adopted on 17 June 2013.

answering to TI AC's official query, the Judicial Department noted that they do not collect information about revolving door cases by judges.²⁵⁶ The Judicial Department in its response mentioned that in 2012 the Staff of Council of Justice received 346 complaints and in 2013 the number of complaints lodged was 537. Since June 2012, the Council of Justice adopted 26 decisions. Only for one case, did the Council of Justice apply via a motion to the president to terminate the powers of a judge. In five cases, the Council of Justice decided to terminate the proceedings. In one case it exercised "severe reprimand with the cuts from the salary in the amount of 25% for a year". In all the remaining cases, "reprimands" or "warnings" were exercised against judges. In addition, the Human Rights Defender's report included a whole chapter on double standards and inconsistent adoption of decisions applied by the Council of Justice in deciding disciplinary liability issues.²⁵⁷

The European Commission, in its Progress Report 2013 on the implementation of the European Neighbourhood Policy in Armenia noted:

"Regarding the independence of the judiciary, implementation of the Judicial Reforms Strategy 2012-2016 is underway but public mistrust of the system and its integrity remains high and needs to be addressed."²⁵⁸

The report of the Human Rights Defender describes the corruption schemes within the judiciary and even price lists of bribes. The report notes four schemes: a) the judge asks for more of a bribe to secure that in higher instances the adopted decision will not be overruled; b) the judge takes a bribe and provides a favourable decision but does not guarantee that that decision will not be overruled in higher instances of the judicial system; c) the party connects with a judge of the Cassation Court and s/he directs and oversees the process starting from the first instance in a way which is favourable for the bribe giver; d) the party connects with a judge in Cassation Court after losing cases at the lower instances, and after the Cassation Court overrules the decision and changes.²⁵⁹ The price list is the following:

"Price list of bribes in the Judiciary: The size of bribe is 10% of the claim. Generally, most of interviewees say that tariffs are of the following range: in the first instance – 500 USD to 10.000; in the appellate court-2.000 USD to 15.000 USD; in the court of cassation-10.000 USD to 50.000 USD."²⁶⁰

This report was highly criticised and Prosecutor's Office asked the Human Rights Defender to provide the names of interviewees in order to be able to initiate criminal proceedings. However, the names were not provided, because the interviewees were anonymous.

EXECUTIVE OVERSIGHT (LAW AND PRACTICE)

To what extent does the judiciary provide effective oversight of the executive?

2012 score – 50

2014 score – 50

256 Response of RA Judicial Department to TI AC's official query, 19 June 2014.

257 The Ombudsmen of Armenia, *Fair Trial in Armenia*.

258 European Commission, *Joint Staff Working Document: Implementation of the European Neighborhood Policy in Armenia*, 5.

259 The Ombudsmen of Armenia, *Fair Trial in Armenia*, 5.

260 Ibid.

The 2012 Assessment described the functioning of administrative justice in Armenia. Particularly, the actions that can be initiated against state bodies. In addition, it quoted Bertelsmann Stiftung's finding that the judiciary is overly compliant with the demands of the executive, and the Partnership for Open Society's opinion that career advancement of those judges whose close relatives work in the Prosecutor's Office, is conditioned on the level of complacency of a judge with Prosecutor's Office.

According to official data, during 2012–2013 the Administrative Court received 24,893 cases, out of which it proceeded with 23,680 cases. Of this number, the Administrative Court adopted favourable decisions for 5,669 cases (satisfied the claims in its entirety) and adopted partially favourable decisions for 2,179 cases.²⁶¹ Of the above mentioned 5,669 cases, only in 504 cases were claimants citizens, and for the 2,179 cases only 98 were citizens.²⁶² These numbers shows that citizens benefited from this channel of Administrative Justice in only 602 out of 23,680 cases.

Nations in Transit 2013, in this regard noted:

“A number of investigations and court decisions during the year were suggestive of manipulation by political authorities.”

In addition it is also noted:

“The judiciary remains dependent on the executive branch.”²⁶³

Bertelsmann Stiftung observed in a 2014 report that:

“The closed nature of the system and the lack of an independent judiciary also tends to weaken the efficacy of the state administrative bodies and foster a general public mistrust of the system.”²⁶⁴

In addition, in the same place it is also noted that:

“... in some cases, for example, several incidents of blatant violations of civil rights have only reaffirmed the need for proper oversight by an independent judiciary.”

In view of the above, it can be claimed that the situation has not dramatically developed and the score remains the same.

CORRUPTION PROSECUTION (PRACTICE)

To what extent is the judiciary committed to fighting corruption through prosecution and other activities?

2012 score – 50

2014 score – 25

261 First Instance Courts of General Jurisdiction, *Comparative Statistical Analysis on the Activities of the Republic of Armenia Courts During 2012 and 2013*, 14-15. www.court.am/files/news/2864_am.pdf.

262 Official response received from the Judicial Department on 19 June 2014

263 Aleksandr Iskandaryan, *Nations in Transit 2013: Armenia*.

264 Bertelsmann Stiftung, *BTI 2014*, 10.

The 2012 Assessment noted that the Judicial Department is one of the responsible bodies for implementing the Anti-corruption Strategy's Action Plan 2009–2012. This Strategy has lapsed and a new one has still not been adopted. The 2012 Assessment presented findings of OECD Monitoring Group, which particularly noted that the number of investigations, prosecutions and convictions of corruption crimes committed by high-ranking officials was very modest.²⁶⁵

Ms Harutyunyan did not think that the judiciary since 2012 had started to fight corruption better. The “Independence” indicator of this pillar already noted the extraordinary report of Human Rights Defender and observed that it can be considered as an evidence of corruption in the judiciary. Statistically, the effectiveness of the judiciary worsened since 2012. In 2012, adjudication of 125 cases involving 187 people took place, of which 180 were found guilty, while another three were acquitted and adjudication towards another four was interrupted.²⁶⁶ In the first half of 2013, the courts adjudicated just 48 cases involving 66 individuals and 56 of them were found guilty, while four were acquitted and adjudication towards another six was interrupted.²⁶⁷

CIVIL SERVICE

Summary

The civil service is being assessed for the first time in this NIS Assessment, except for the last indicator relating to procurement.

The civil service in independent Armenia is relatively young and was established in 2001,²⁶⁸ along with the adoption of the first umbrella law on the civil service. According to the 2013 Global Corruption Barometer 68 per cent of citizens perceive that public officials and civil servants are corrupt, second only to the judiciary (69 per cent). In this regard, it must be noted that the perception of civil servants in Armenia is one of the worst among Eastern Partnership countries in the region of South Caucasus: in Georgia only 26 per cent of respondents considered civil servants corrupt, and in Azerbaijan it was 37 per cent.²⁶⁹

One of the main problems revealed during the Assessment was the lack of sufficient resources to be able to make the service attractive for well-educated, competent young people. Unfortunately, the phenomenon of “personnel purges” exists in Armenia, regardless of the political affiliation of high-level officials, which is an indicator that it is not merely an issue of pursuing political agendas. Furthermore, civil servants are utilised during elections by authorities, regarding which the OSCE/ODIHR election observation missions made a number of recommendations. For example, Priority Recommendation no. 2 made in connection with 2013 presidential elections, read as follows:

²⁶⁵ OECD Anti-Corruption Network for Eastern Europe and Central Asia, *Istanbul Anti-Corruption Action Plan: The Second Round of Monitoring – Armenia: Progress Report* (Paris: OECD, 2012), 5.

²⁶⁶ See: http://genproc.am/upload/File/Korupcion%20hanc_datakan%20qnnutyanyan%20ardyunqner%202012%20tarekan%20vichtvyalner.pdf [Accessed 19 June 2014].

²⁶⁷ See: www.genproc.am/upload/File/Korupcion%20hanc_hetaqnnutyanyan%20ev%20naxaqnnutyanyan%20ardyunqner%20masin%202013%201-in%20kisamjak.pdf.

²⁶⁸ The Law on Civil Service was adopted on 4 December 2001, which entered into legal force on 9 January 2002.

²⁶⁹ Georgia is the champion with 26 per cent (Transparency International, “Global Corruption Barometer 2013- Georgia”. www.transparency.org/gcb2013/country/?country=georgia); followed by Azerbaijan with 37 per cent (Transparency International, “Global Corruption Barometer 2013- Azerbaijan.” www.transparency.org/gcb2013/country/?country=azerbaijan);

“Public officials should refrain from abuse of administrative resources, including abuse of office towards their employees and the public. Effective efforts should be undertaken to ensure the impartiality of the public administration, including of state and local government officials. They should refrain from putting pressure on voters, both during the campaign and on Election Day. The Criminal Code should be amended to include offenses for abuse of official position and of administrative resources for campaigning.”²⁷⁰

Furthermore, it was revealed that public education initiatives are at extremely low levels and cooperation with private agencies and civil society organisations for preventing corruption between the Civil Service Council and them virtually does not exist.

Table of indicator scores

Civil service			
Overall Pillar Score: 38.8			
	Indicator	Law	Practice
Capacity 41.6	Resources		50
	Independence	50	25
Governance 50	Transparency	50	75
	Accountability	75	25
	Integrity mechanisms	50	25
	Public education	0	
Role 25	Cooperate with public institutions, CSOs and private agencies in preventing/addressing corruption		0
	Reduce corruption by safeguarding procurement		75

STRUCTURE AND ORGANISATION

The civil service in Armenia is defined as a professional activity, which is independent from the change in power of political forces.²⁷¹ The civil service offices are divided into four groups: high; chief, lead; and junior. The highest group is divided into two sub-groups, while the remaining three groups into three sub-groups each. The Civil Service Council implements unified state policy in the civil service.²⁷² It is composed of seven individuals who are appointed by the president, after receiving candidacies from prime minister.²⁷³ One of the members is appointed as the chairman of the Council, another one is deputy. All of the seven members are appointed for the period of six years.

²⁷⁰ See: www.osce.org/hy/odihr/elections/101982?download=true [Accessed on 14 June 2014].

²⁷¹ RA Law on Civil Service, Article 3.

²⁷² RA Law on Civil Service, Article 37.

²⁷³ RA Law on Civil Service, Article 38.

RESOURCES (LAW AND PRACTICE)

To what extent does the civil service have adequate resources to effectively carry out its duties?

2014 score – 50

In 2013 there were 6,734 civil servants in Armenia²⁷⁴ and 1,137 special civil servants, working in the National Security Council, Ministry of Defence, the police and the penitentiary service, at the 1 January 2014.²⁷⁵ From the period of 2004–2013 this number fluctuated: the lowest number of civil servants was registered in 2005 (5,661) and the highest number in 2008 (8,100).

The Law on Civil Service together with the Law on Remuneration of Persons holding State Positions regulate the issue of remuneration. The structure of civil servants' salaries is a complicated issue. It consists of three main parts: main salary, additional salary and bonus. The main salary is calculated on the basis of a common base amount, and is multiplied by a coefficient set for each position group (grade), sub-group (class) and years of service in the relevant sub-group.²⁷⁶ The common base amount is stipulated by the Law on State Budget on an annual basis.²⁷⁷ This is the most essential portion of the salary. According to 2014 State Budget, for the period 1 July to 31 December, the common base amount of persons holding state positions was 66,140 AMD per month, which is around US\$161. The salary tabloid comprises 11 scales corresponding to the sub-groups of the four position levels. Each scale comprises 11 steps, the first four annually, the following three biennially and the last three triennially, so flattening the life-earning curve.²⁷⁸

The additional salary consists from two types of payments.²⁷⁹ The first is wage supplements (հավելումներ), which are granted for working on holidays, at night or in dangerous places etc. The second type is wage premiums (հավելավճար), which are granted depending on rank and work experience.²⁸⁰ A bonus is a one-time paid lump sum, which is paid for the excellent implementation of tasks.²⁸¹

The issue of sustainability of the wage bill for civil servants is guaranteed by a provision in the Law on Remuneration of Persons holding State Positions, which stipulates that the common base amount, on which salaries are based, in the coming laws on state budget, cannot be less than the previous year.²⁸² The same approach was in place when the Law on Remuneration of Civil Servants was in place.²⁸³

According to Armenia's National Statistical Service, during the fourth quarter of 2013, the minimum consumer basket was 56.215 AMD,²⁸⁴ which is approximately US\$136. In comparison, according to the salary calculation mechanisms of civil servants, the salary of a junior civil servant who has four

274 Civil Service Council of the RA, Statistics. <http://csc.am/documents/statistics/01.pdf> [Accessed 26 June 2014].

275 Civil Service Council of the RA, Statistics. <http://csc.am/documents/statistics/10.pdf> [Accessed 26 June 2014].

276 RA Law on Remuneration of Persons holding State Positions, Article 3 and Annex 9.

277 Ibid., Article 5.

278 Ibid., Article 3 and Annex 9.

279 Ibid., Article 6.

280 Ibid., Article 7.

281 Ibid., Article 3.

282 Ibid., Article 5, Part 3.

283 RA Law on Remuneration of Civil Servants, Article 7, Part 4. This law was repealed on 1 July 2014 and it was in force for the period of 1 January 2002 to 1 July 2014.

284 National Statistical Service of the Republic of Armenia, *Socio-Economic Situation of RA: Appendix 3*, (2013), 250. www.armstat.am/file/article/sv_12_13a_6300.pdf.

years of experience will be in the range of approximately 90.000 AMD to 120.000 AMD (US\$220 to US\$290). However, this minimum consumer basket foresees calories for only one person to sustain his/her self-existence and nothing more. Thus salaries in the civil service are very low and do not attract good professionals. This is recognised by the head of Civil Service Council,²⁸⁵ who noted:

“... unfortunately in our days and within our conditions, no wonder that salaries of a lot of civil servants can’t guarantee an opportunity to have normal standards of living”.²⁸⁶

According to the IDA Resource Allocation Index 2013, for the indicator “Quality of Public Administration”, Armenia was granted 3.5 out from possible 6 (6 is the highest number).²⁸⁷ The average IDA borrowers score for the same indicator is 2.9, which says that Armenia has relative advantage. The score of two other countries from Eastern Partnership was as follows: the neighbouring Georgia’s is 4.0,²⁸⁸ and Moldova’s ²⁸⁹ is the same as Armenia.

INDEPENDENCE (LAW)

To what extent is the independence of the civil service safeguarded by law?

2014 score – 50

The issue of isolation from political interference in the appointment and promotion of high-level civil servants is problematic in Armenia. The civil service offices are divided into four groups: high; chief, lead; and junior. The highest group is divided into two sub-groups, while the remaining three groups into three sub-groups each.²⁹⁰

There are two types of appointment procedures into the civil service offices: out of competition procedure and by competition.²⁹¹ The out of competition procedure privileges civil servants from the respective institution insofar as they meet the criteria for an appointment by this procedure listed in Article 12.2 Paragraph 1 of the Law on Civil Service.²⁹² The requirements are: to meet the requirements set forth in the terms of reference for the new position; the applicant, at minimum, has the rank of civil service which is needed for that new position or by being appointed to the new position will mean for him to be upgraded to a higher group of civil service’s office; the applicant is already an employee of the same structural department; and the applicant agrees to that procedure.

The second procedure, i.e. by competition, is quite simple. Based on the type of position to be filled in office, a competition is conducted that reveals the winners.²⁹³ This procedure can be applied for by the first three groups of civil service offices, except for the lowest one: junior offices. Junior offices are

285 Interview of the head of Civil Service Council, Manvel Badalyan with the representative of TIAC, 6 June 2014.

286 Ibid.

287 World Bank, IDA Resource Allocation Index (IRAI) – Armenia (World Bank, 2013). www1.worldbank.org/operations/IRAI2013/ARM.pdf.

288 World Bank, IDA Resource Allocation Index (IRAI) – Georgia (World Bank, 2013). www1.worldbank.org/operations/IRAI2013/GEO.pdf.

289 World Bank, IDA Resource Allocation Index (IRAI) – Moldova (World Bank, 2013). www1.worldbank.org/operations/IRAI2013/MDA.pdf.

290 RA Law on Civil Service, Article 7.

291 RA Law on Civil Service, Article 12¹.

292 Support for Improvement in Governance and Management (SYGMA), Assessment of the Civil Service System of the Republic of Armenia, 2010, 12. www.sigmaweb.org/publications/47600439.pdf.

293 RA Law on Civil Service, Article 14.

filled in by civil servants who have a certificate on passing the test.²⁹⁴ On a quarterly basis, the Civil Service Council organises tests for those who want to join the civil service as junior civil servants. If the candidate passes the test with 90 per cent of the questions then he or she is granted a certificate that is valid for one year period, and during this one year period the holder of the certificate can apply to any junior positions.²⁹⁵ Below, is the chart showing the subjects who make appointments into civil service offices:

294 RA Law on Civil Service, Article 14, Para. 11¹.

295 Ibid. RA Law on Civil Service, Article 15, Para. 3.1.

Type of office	President	Government	Prime Minister	Head of republican executive body	Head of a state body within a ministry	Marzpet-Head of region	Head of a body established by law	Head of President's staff	Head of Government's staff	Head of staff within a republican executive body	Head of staff of a state body within a ministry	Head of staff in marz administration	Head of staff of a body established by law
High office-1st subgroup	X	X	X	X	X	X	X	X					
High office-2nd subgroup	X		X	X	X	X	X	X					
Chief office-1st subgroup				X	X	X	X	X					
Chief office-2nd subgroup							X	X	X	X	X	X	X
Chief office-3rd subgroup							X	X	X	X	X	X	X
Lead office-1st subgroup							X	X	X	X	X	X	X
Lead office-2nd subgroup							X	X	X	X	X	X	X
Lead office-3rd subgroup							X	X	X	X	X	X	X
Junior office-1st subgroup							X	X	X	X	X	X	X
Junior office-2nd subgroup							X	X	X	X	X	X	X
Junior office-3rd subgroup							X	X	X	X	X	X	X

The main problem with the civil service is that it is up to above 13 subjects to decide who will be appointed to positions. To make it simpler, if three candidates passed the tests (written and verbal) then they are considered winners. Then the respective official from the above 13 subjects, has full right to decide whom to appoint out of those three winners. There are no objective criteria laid down in the law in order to guide the choice of the official.

Support for Improvement in Governance and Management, which conducted assessment of Armenia's civil service system in 2010, observed:

“Moreover, the CSC seems to be playing quite a secondary role in decision-making processes concerning the allocation of human resources (and corresponding financing) needed for the implementation of the various public policies, including needs assessment and planning. However, the CSC is generally recognized as an independent and credible institution struggling towards improving the professionalism and neutrality of civil servants.”²⁹⁶

The Civil Service Council is the body tasked with implementing state unified policy in the civil service.²⁹⁷ One of the main safeguards is the need for mandatory agreement of the Civil Service Council to exercise the type of disciplinary fine “discharge from duties”.²⁹⁸ For exercising any type of disciplinary fine, a service investigation must be conducted by the Council.²⁹⁹ Article 33 of the law, lays down plenty other grounds for the discharge from duties. For example, one of the grounds is if the civil servant is engaged in business activities.³⁰⁰ In this case, if for example the civil servant works in a lead position in a Ministry, then the head of staff of that Ministry can discharge that person from his/her duties without involving the Council in the process.

296 Support for Improvement in Governance and Management (SYGMA), Assessment of the Civil Service System of the Republic of Armenia, 2010, էջ 3 . <http://www.sigmaweb.org/publications/47600439.pdf>.

297 Law on Civil Service, Article 37.

298 Ibid.

299 Ibid., Article 32, Para. 4 and Article 37.

300 Ibid., Article 24.

The Law on Civil Service quite extensively and clearly regulates the political activities of civil servants. Article 24 is devoted to the limitations applicable to civil servants. This Article, does not forbid civil servants from becoming members of political parties, but prohibits them from breaching the principle of “political restraint”, especially by using their position for the benefits of political parties, NGOs or religious unions, or to perform political activities while conducting their official duties. The breach of these requirements is a ground for resignation, under Article 33.

As for parliamentary lobbying of the civil service, there are absolutely no legal provisions that would regulate this issue.

INDEPENDENCE (PRACTICE)

To what extent is the civil service free from external interference in its activities?

2014 score – 25

The exchange of civil servants after a change in government or minister is not extraordinary in the Armenian political reality. The exchange of civil servants is largely dependent on the individual qualities of a Minister. The phenomenon may or may not be conditioned by political affiliation (party membership) of ministers. An illustrative example for the latter is the newly appointed Minister of Nature Protection, Mr Aramays Grigoryan. According to the media he started “personnel purges” against the team of the former minister.³⁰¹ Mr Grigoryan denies this and noted that people are leaving their offices voluntarily.³⁰² His predecessor, Mr Aram Harutyunyan was member of the ruling Republican Party while the newly appointed Mr Grigoryan, though not formally a member of the Party was involved in the election campaign of the incumbent President Serzh Sargsyan.³⁰³

An illustrative example is the case of the Ministry for Sport and Youth Affairs. This Ministry for a long time has been considered a prerogative of Prosperous Armenia, which regardless of being in coalition government had always had this portfolio. However, for one year (2013–2014) the post of Minister was held by former advisor of the president, Mr Juri Vardanyan (former Olympic Champion), who after appointment to the post started to implement changes in personnel, the most controversial of which was the dismissal of the head of staff of the Ministry, Mr Vahe Eloyan. The case was controversial because the Minister motioned the prime minister to dismiss Mr Eloyan and mentioned that Mr Eloyan applied with a request of voluntarily dismissal, while later Mr Eloyan denied that he made that kind of request.³⁰⁴ He sued the minister and the government.³⁰⁵ Mr Eloyan was considered as a person with deep sympathies toward Prosperous Armenia, the second largest political party. This forced some, particularly Prosperous Armenia, to accuse the minister of implementing so called “personnel purges”. Although, there was also speculation that Mr Eloyan cheated and manipulated the trust of Mr Vardanyan. Nevertheless, in May 2014, Minister Vardanyan left office and the incumbent Minister Ghazaryan, according to media, started “personnel purges” against people whom brought former Minister Vardanyan.³⁰⁶ In conclusion, although it is impossible to measure the extent of this phenomenon it is a part of the political reality.

301 See: www.1in.am/1424281.html [Accessed 27 June 2014].

302 See: www.1in.am/1424793.html [Accessed 27 June 2014].

303 See: www.azatutyun.am/content/article/25132895.html [Accessed 27 June 2014].

304 See: www.aravot.am/2013/06/27/259325/andhttp://zham.am/am/news/16698.html [Accessed 27 June 2014].

305 See: www.aravot.am/2014/01/31/427297/ [Accessed 27 June 2014].

306 See: <http://armlur.am/175777/> [Accessed 27 June 2014].

While the head of Civil Service Council, in his interview with a TI AC representative, did not agree with this analysis, official statistics would appear to confirm the situation: according to statistics in 2013, of 6,734 civil servants 585 voluntarily left their positions.³⁰⁷ Another interview, Mr Hovhannes Hovhannesian, an expert in the field, noted that the experience shows that a minister can create situations which force civil servants to write motions of voluntary dismissal from their offices. At the same time, Berterlsmann Stiftung in its Transformation Index 2014 on Armenia noted:

“Although the Armenian government has developed a fairly effective resource base and has made some gains over the past two years in implementing broad civil service reforms, [...] the most fundamental shortcoming in resource management has been the lack of merit-based advancement. Positions and benefits have flowed to those with connections, and an inadequate pay scale has fostered greater cronyism, which together limit the state’s ability to effectively utilize its resources.”

This observation highly correlates with perception of the population, as was indicated in the Global Corruption Barometer 2013: 68 per cent of respondents think that the public officials and civil servants are corrupt or extremely corrupt, which makes this institution the second worst after the judiciary (69 per cent).³⁰⁸

Moreover, especially during elections, it seems that the principle of “political restraint” is not being properly implemented. For example, during the last presidential elections of 2013, the OSCE/ODIHR in its Final Monitoring Report, observed:

“A high number of state and local administration officials, who according to the Electoral Code are not allowed to campaign during their official duties, circumvented the law by taking leave in order to actively campaign for the incumbent.”³⁰⁹

The OSCE/ODIHR Election Observation Mission’s Long Term Observers also noted several violations of the Electoral Code by regional or municipal officials who campaigned while performing their official duties in contravention of Paragraphs 5.4 and 7.7 of the 1990 OSCE Copenhagen Document.

This observation led to the following as a second priority recommendation:

“Public officials should refrain from abuse of administrative resources, including abuse of office towards their employees and the public. Effective efforts should be undertaken to ensure the impartiality of the public administration, including of state and local government officials. They should refrain from putting pressure on voters, both during the campaign and on Election Day. The Criminal Code should be amended to include offenses for abuse of official position and of administrative resources for campaigning”.³¹⁰

On the efficacy of Civil Service Council, it can be said that if it were effective then the above negative practices would be at the minimum level.

307 Civil Service Council of the RA, Statistics. <http://csc.am/documents/statistics/17.pdf> and

Civil Service Council of the RA, Statistics. <http://csc.am/documents/statistics/17-1.pdf> [Accessed 27 June 2014].

308 Transparency International, “Global Corruption Barometer 2013 – Armenia”.

309 OSCE/ODIHR, *Presidential Elections in Armenia: Election Observation Mission Final Report* (Warsaw:

OSCE/ODIHR, 2013), 11-12. www.osce.org/odihr/elections/101314?download=true.

310 Ibid., 28.

TRANSPARENCY (LAW)

To what extent are there provisions in place to ensure transparency in financial, human resource and information management of the civil service?

2014 score – 50

The Center of Law and Democracy together with Access Info Europe produced the Right to Information Rating 2013, which evaluates legal frameworks pertaining to access to information in 95 countries.³¹¹ According to this rating, Armenia occupies rank 22 with 102 points.³¹² In comparison, Moldova occupies rank 23, Georgia 29, while Ukraine and Azerbaijan share rank 9.

Both the Law on Civil Service and Law on Public Service require civil servants to “provide declarations on income and assets, in the manner and in the cases stipulated by the law”.³¹³ However, there is no prescribed order/manner of providing declarations by civil servants. Currently, it is only high-level public officials and people related to them, who provide declarations on income and assets.³¹⁴

The management of public information is regulated by the Law on Freedom of Information and procedures based on that law. However, secondary legislation is not yet developed, and its absence is used by public officials to refuse to provide requested information. Another weakness of the Law, noted by the OECD Anti-Corruption Network for Eastern Europe and Central Asia,³¹⁵ is that it fails to establish the so-called “three-part test”, which any restriction on access to information should comply with. This means that in order to restrict access to information a public body has to prove that: a) there is a legitimate interest to restrict access; b) that disclosure would cause significant harm to such interest; and c) that harm outweighs public interest in receiving information.

The Law on State and Official Secrets defines the list of information items, which constitute state or official secrets.³¹⁶ The list is reasonable and is conditioned with the need to secure the safety of the country. The Code of Administrative Delinquencies defines administrative responsibility for public officials for not submitting requested information.³¹⁷ The public official can also be held liable for submitting incomplete or wrong information.³¹⁸

The issues related to the preparation and publication of legal documents is regulated by the Law on Legal Acts. In particular, Articles 13 to 62 regulate the procedures of the adoption of legal acts by the adopting bodies and requirements for their publication. As for rules of appointments and advertising of vacancies, this was extensively discussed under “Independence’ (Law) in this pillar.

311 See: www.law-democracy.org/live/global-rti-rating/ [Accessed 28 June 2014].

312 See: www.law-democracy.org/live/wp-content/uploads/2012/08/Chart.pdf [Accessed 28 June 2014].

313 RA Law on Civil Service, Article 23 requires from civil servants to provide declarations in the manner prescribed by law, while Article 21 of the Law on Public Service, requires from all public servants (and civil servants are sub-group of civil servants) to provide declarations in the manner and in the cases stipulated by law.

314 See the repository available at the official website of the Ethics Commission for High-level Public Officials at: www.ethics.am.

315 OECD Anti-Corruption Network for Eastern Europe and Central Asia, Istanbul Anti-Corruption Action Plan: The Second Round of Monitoring – Armenia: Progress Report, (OECD, 2011), 64. www.oecd.org/corruption/acn/48964985.pdf.

316 RA Law on State and Official Secret, Article 9.

317 RA Code of Administrative Delinquencies, Article 189.7.

318 RA Criminal Code, Article 148.

TRANSPARENCY (PRACTICE)

To what extent are the provisions on transparency in financial, human resource and information management in the civil service effectively implemented?

2014 score – 75

Citizens have reasonable access to information on the activities of the civil service. The Civil Service Council operates its official website (<http://csc.am>) which meets high standards of transparency. It has abundant information on the civil service, which is almost unique among Armenian public institutions. It also has sections on statistics with data concerning civil servants. Vacancies are openly advertised in the weekly Civil Service, in addition to advertisements in the website of the Civil Service Council.

One of the interviewees, Mr Hovhannisyan thinks that still there are things to do to raise transparency in the civil service. However, based on the existing information and data we can claim that the civil service is quite transparent. The head of Civil Service Council, Mr Badalyan who was also interviewed by TI AC, while recognising the achievements in the field of transparency is also of the opinion that there are things to do. Nevertheless, it can be claimed that the level of transparency of civil service is quite high in Armenia.

Declarations on income and assets are submitted only by high-level public officials. In this regard, the Ethics Commission for High-Level Public Officials regularly publishes the declarations, which are freely accessible online at the official website of the Commission: www.ethics.am.

ACCOUNTABILITY (LAW)

To what extent are there provisions in place to ensure that civil service employees have to report and be answerable for their actions?

2014 score – 75

Article 22 of the Law on Public Service provides that while performing their job duties, public servants shall inform the relevant public officials in a manner prescribed by law about the violations and illegal actions, including corruption-related offences, committed by their colleagues. If the response received from those officials is not satisfactory, then they can make a report in a written form to the head of the corresponding state body or other competent state bodies. The state body will guarantee the security of the informer (or whistle-blower). The procedures of informing and guaranteeing the security of the informer(s) is regulated by the government. The government's decision no. N 1816-N (23/12/11) regulates the order of guaranteeing security for those public servants who report to public officials and competent bodies the violations and other actions (including those which relate to corruption) of other servants.³¹⁹

According to this decision, measures to guarantee security include secrecy of data; condemnation of persecutions or retributions and of irrelevant and unlawful interference into the activities of the reporting public servants by other servants; where necessary, relocating the reporting person to another workplace; creating conditions for the fulfilment of duties without intervention by the reporting

³¹⁹ Khachik Harutyunyan and Varuzhan Hochtanyan, *UNCAC Civil Society Review 2013-Armenia: Enforcement of Anti-corruption Laws* (Transparency International Anti-corruption Center/ UNCAC Coalition, 2013), 9. www.uncaccoalition.org/images/PDF/UNCAC-CSO-Report-Armenia-2013.pdf.

public servant; not overburdening the reporting servant with artificial orders; and undertaking any other necessary measures. If the reported act is of a criminal nature then the public servant falls under the regime of general protection, as a member of the public.³²⁰

According to the Criminal Code, criminal liability for public officials, including civil servants, is foreseen for such criminal offences as abuse of public office, bribery, extortion, trade in influence, forgery, etc.³²¹ As mentioned in the Transparency section of this pillar, a public official can be held liable also for submitting incomplete or wrong information. They are also subject to administrative liability for such administrative violations, which are related to the violation of those rules and procedures on governance, state and public order, nature protection, health and other areas, whose implementation is among the duties of these officials.³²²

The major mechanism for citizens and legal persons to complain about public officials is by applying the Law on Principles of Administration and Administrative Procedure.³²³ The Law defines the fundamental principles of administration, procedures of submission, investigation and resolution of appeals of physical and legal persons, relationships related to the adoption, appeal, execution, change, publication, promulgation, termination and invalidation of administrative acts, as well as compensation of damage incurred from the execution of those acts. The Law sets the procedures, which the citizens shall apply to appeal the actions of public institutions in the Administrative Court (see below).

As a result of changes and amendments to the Constitution, passed through the November 2005 referendum, any person has now the right to submit appeals and suggestions to relevant state and local self-administration bodies related to the protection of his/her or public interests and receive a proper answer in a timely manner.³²⁴ Moreover, if there is a final ruling of the court and the person exhausted all means of judicial protection, he/she could appeal the compliance of the applied legal act to the Constitution in the Constitutional Court.³²⁵ Finally, with the adoption of the Administrative Procedure Code, the Administrative Court was established, to which the citizens and legal persons can appeal.³²⁶

Citizens can also submit their applications, complaints and suggestions related to the conduct of public sector agencies to the staff of the president and staff of the government, who organise the reception of citizens and review of their appeals. The staff of the government reviews and resolves those appeals, which were not resolved by the governmental agencies, as well as those, which are complaints against the heads of those agencies. The Civil Service Council is empowered to conduct studies, service investigations as well deals with complaints.³²⁷ Also, it handles complaints submitted by the applicants.³²⁸

The system of mandatory internal audit in the public sector is relatively new for Armenia and is still in the process of formation. Mandatory internal audit in the public sector is regulated by the Law on Internal Audit and by governmental decisions and orders of the Minister of Finance, most notably

320 See points 9, 6, 3 (3) of the RA Government Decision N 1816-N.

321 RA Criminal Code, Articles 308-314.

322 RA Code on Administrative Delinquencies, Article 14.

323 Official Bulletin 2004/18(317), 31 March 2004.

324 RA Constitution, Article 27.

325 Ibid., Article 101.

326 Official Bulletin 2007/64(588), 19 December 2007.

327 RA Law on Civil Service, Article 37.

328 Ibid., Article 14.

Government Decision no. 1233-N. The Law on Internal Audit entered into legal force on 5 February 2011. Article 5 requires that internal audits be conducted either by a division of internal audit of an organisation or by invited persons. If the audit is conducted by invited persons, then they secure implementation of rights and duties foreseen for the division of internal audit, including rights and duties for the head of the division.

The Law lays down which organisations are considered public sector organisations. According to Article 2, bodies of state administration and local self-governance foreseen by the Constitution and laws, state or community institutions, state or community non-trade organisations and organisations with more than 50 per cent state or community participation are considered public sector organisations.

Article 2 provides that the internal audit is conducted based on strategic and annual plans for internal audit, by providing the leadership of public sector organisations assurance and consulting services. The Law contains a number of provisions that are aimed at prevention and detection of corrupt practices. The OECD noted that the standards of internal audit and rules of conduct of internal auditors fully comply with international standards.³²⁹

Corruption prevention mechanisms are foreseen in various provisions of the Law on Internal Audit:

- I. Article 3 lays down the principles, by which internal audits must be conducted. These principles are: independence, objectivity, capability, impartiality and secrecy. These are sound prevention principles.
- II. Article 5 demands that heads and other officials of public sector organisations cooperate with internal auditors and foresee that they are able to disclose information pertaining to public sector organisations or to reject granting that information.
- III. Article 7 states that the head of the division of internal audits has the right to report on obstacles and issues in performing internal audits to the head of public sector organisations. Also, she/he can suggest to the head of public sector organisations to appoint an expert if there is a need for special knowledge and skills for the purposes of internal audit.
- IV. Article 8 prevents internal auditors conducting assurance audits regarding an activity or a unit, to which they provided consultancy services or where they worked during previous 12 month period.
- V. Article 8 forbids the head of the division of internal audit and internal auditors performing other functions and work in the same public sector organisation.
- VI. Article 9 provides grounds that can prevent appointment of a person as the head of the division for internal audit. Those grounds are: a) during two years prior to the appointment, the person occupied chief positions in the same public sector organisation or, in the system of public sector organisations, occupied chief positions in structural units, including independent units; b) the person is related to those who occupied chief positions in the same public sector organisation or in structural units including independent units, during two years prior to the

329 Anti-Corruption Network for Eastern Europe and Central Asia, *Istanbul Anti-Corruption Action Plan: The Second Round of Monitoring – Armenia: Progress Report*(OECD, 2012). <http://www.oecd.org/corruption/acn/49910824.pdf>.

appointment. Under the Law, interrelated persons are those who are members of the same family or run a joint business or joint venture activities. Family members are also defined in the same article: the following are considered as members of the family: child, spouse, parent, sister, brother, grandfather, grandmother, grandchild, spouse and nieces and nephews, as well child, parent, sister, brother, grandfather, grandmother and grandson of spouse.

VII. Before appointment as head of the division for internal audit, the candidate for the position signs a written declaration of the limitations described above.

Overall, the mission for internal audit is to assist the head of the public sector organisation. According to Article 5 the system of internal audit operates under the purview of the head of the public sector organisation. The same article foresees that, in the public sector organisations where the internal audit is conducted, internal audit committees are convened. As provided in Article 8, the head of the division for internal audit is accountable to the head of the public sector organisation and the Committee on Internal Audit, and provides them with reports, including: on the results of audit and registered problems, suggestions made and activities undertaken aimed at improving the operation of the public sector organisation; on the execution of the annual action plan for internal audit; on the used and necessary resources for the implementation of internal audit; on all the cases of limitations raised before the head of the division for internal audit and internal auditors. Thus, detection mechanisms are constructed by links on the one hand between the head of the division on internal audit and on the other between the head of the public sector organisation and the Committee on Internal Audit.

Article 8 of the Law specifically stipulates that if signs of falsification are detected, then internal auditors report to the head of the division for internal audit, and the head of the division informs the head of the public sector organisation and the Committee on Internal Audit.

According to Article 5, the Ministry of Finance, as the authorised body, conducts regular monitoring on the application of the Law on Internal Audit, on the methodology of internal audit, on standards of internal audit and on rules of conduct of internal auditors, with the aim of developing of the system of internal audit and improving the methodology.

Article 13 provides that the Ministry, before 1 May each year, publishes a report on the internal audit system for the preceding year. Under Article 12 the heads of divisions for internal audit, before 1 March each year, via the heads of public sector organisations, present to the Ministry an annual report on internal audit for the preceding year.

The Civil Service Council is obliged to submit annual reports to the National Assembly (parliament).³³⁰

ACCOUNTABILITY (PRACTICE)

To what extent do civil service employees have to report and be answerable for their actions in practice?

2014 score – 25

Studies of the Civil Service Council are aimed at revealing compliance of staff of public bodies with the requirements of the Law on Civil Service, decisions adopted by the Council as well as other legal

³³⁰ RA Law on CS, Article 37.

acts. In 2013, the Council conducted seven such studies.³³¹ During the first quarter of the 2014, the Council conducted 10 such studies on the staff of public bodies, and revealed that the staff of the Ministry of Health did not comply with one of the annexes on signing temporary employment contracts, stipulated under decision 436-N. As a result, one contract already signed by the staff of the Ministry of Health was annulled.³³² In addition, during 2013 the Civil Service Council received six complaints regarding contests and attestations,³³³ which among 1,559 contestants presented a very small number and indicates its efficiency. During the same year, it received 19 complaints from citizens.³³⁴

As already mentioned, according to official data, during 2012–2013 the Administrative Court received 24,893 cases, of which it took for proceedings 23,680 cases. Of this number, for 5,669 cases the Administrative Court adopted favourable decisions (satisfied the claims in its entirety) and for 2,179 cases adopted partially favourable decisions.³³⁵ Of the above mentioned 5,669 cases, only in 504 cases were claimants citizens, and for the 2,179 cases only 98 were citizens.³³⁶ These numbers shows that out of 23,680 cases in only 602 cases the citizens benefited from this channel of Administrative Justice, which also means that it is not very efficient.

According to World Bank, Armenia for the sub-indicator of “Transparency, accountability and corruption in public sector” was granted score 3.5 in the scale of 6.0. From the Eastern Partnership countries, the neighbouring Georgia also received the same score, as well as Moldova. The highest scores for this sub-indicator was granted to Cape-Verde, St. Lucia and Bhutan.³³⁷

INTEGRITY MECHANISMS (LAW)

To what extent are there provisions in place to ensure the integrity of civil service employees?

2014 score – 50

Article 28 of the Law on Public Service defines the rules of ethics for public servants and as was mentioned already civil servants are considered as sub-group of public servants. According to this article, the rules of ethics are:

- Respect and obey the laws;
- Respect the moral norms of the society;
- Enable through his/her performance to the establishment of trust and respect towards his/her office and institution;
- Perform everywhere and in carrying out any activity such conduct, which is appropriate to his/her office;

331 Civil Service Council of the RA, Statistics. <http://csc.am/documents/statistics/23.pdf> [Accessed 24 June 2014].

332 See: <http://csc.am/documents/verahskoxutyun/usumnasirutyunner/u.pdf> [Accessed 24 June 2014].

333 Civil Service Council of the Republic of Armenia, *Report on the Activities of RA Civil Service Council in 2013*, 2. <http://csc.am/documents/reports/2013.pdf>.

334 See: <http://csc.am/documents/statistics/22.pdf> [Accessed 24 June 2014].

335 First Instance Courts of General Jurisdiction, *Comparative Statistical Analysis on the Activities of the Republic of Armenia Courts During 2012 and 2013*, 14-15. www.court.am/files/news/2864_am.pdf.

336 Response to the query of TI AC by RA Judicial Department on June 19, 2014

337 World Bank, *2013 Country Policy and Institutional Assessments (Final Ratings)*. <http://siteresources.worldbank.org/PROJECTS/Resources/40940-1244163232994/6180403-1372096800800/cpia13finalIDA.pdf>.

- Be respectful to all those individuals, with whom he/she deals, while performing his/her duties;
- Use material-technical, financial and information resources, other state property/facilities and information containing service secret attached to him/her for carrying out his/her official duties only for official purposes; and
- Tend to manage his/her investments in such a manner that will minimise the occurrence of conflict of interest situations.

By the same article it is stipulated that these rules are not exhaustive and the laws regulating the relevant areas of state and municipal service can include additional rules. The Law on Civil Service does not define new rules of ethics, but it stipulates other limitations for civil servants. Particularly civil servants do not have the right:

- To perform other paid activities, except for scientific, pedagogic, creative activities, as well activities ensuing from occupying the position of member of an electoral commission;
- To be engaged in entrepreneurial activities, personally;
- To be representative of a third party in front of a body where he serves, or which is subjected to him or is directly subjected to his/her oversight;
- To conduct activities which breach the principle of political restraint, i.e. to use his/her position in the benefits of political parties or NGOs, including for the benefits of religious unions, or to preach an attitude toward them, as well perform other political or religious activities;
- To receive honorariums for the publications or speeches which are part of his duties;
- To use material, technical, financial and informational resources, state property and service information for the purposes not connected with his service;
- To receive gifts, money or services from other persons for performing his duties;
- As a state representative to sign contracts which involve material issues with his parents, children, spouse, sister, brother, parents in law, brothers and sisters in law, children of spouse.³³⁸

After being appointed to a position in the civil service, civil servants must during a one month period, submit their share in the equity capital of a trade company, to trust management. In this case, civil servants retain the right to continue to receive profit for their shares.³³⁹ It is forbidden for civil servants to work directly with their parents, children, spouse, sister, brother, parents in law, brothers and sisters in law, children of spouse. Civil servants do not have right to work for an employer over which they conducted oversight during the one year period before their resignation from the civil service.

The prohibition of accepting gifts by high-ranking public officials and public servants is provided by Article 29 of the Law on Public Service. The Article defines gift as “any material advantage, which reasonably would not be given to the individual, who is not a public official”. The public official shall

³³⁸ RA Law on Civil Service, Article 24.

³³⁹ Ibid.

not accept or agree to accept in the future such gift. At the same time, the same Article defines which items cannot be considered as gifts. Those are gifts, awards given or hospitality provided during official events, books, computer software and similar other materials, given for free for in-service use, stipends or grants awarded as a result of contest, won by the official under equal conditions and criteria applied to all contestants or other transparent procedure, provided that their market price does not exceed 100,000 AMD (about US\$245),³⁴⁰ any other type of hospitality, as well as gifts received from close relatives, relatives and friends, if the gift by its nature and size reasonably corresponds to the character of their relationships. Here the potential deficiency of the legal regulation is that no mechanisms are foreseen to detect the receipt of the gift (it is relied on the good will of the official) and no explicit sanctions are in place, in the case of violations being detected.

Article 23 of the Law on Public Service defines certain restrictions that shall be applied over public servants and high-ranking public officials. Among them, in particular, it is prohibited for them to use material-technical, financial and information resources, other state and/or municipal property and official information under their possession as office holder for other purposes. It is also prohibited to receive gifts, money or services from others connected with the execution of their powers. They are also prohibited from working together or as representatives of the state conclude property contracts with their close relatives and in-laws (parents, children, spouse, siblings, as well as parents-in-law, children-in-law and siblings-in-law), if there are supervisor-subordinate or oversight relationships between them.³⁴¹ Finally, within one year after their resignation, public servants or high-ranking public officials are also prohibited to be employed by an employer or become member of an organisation, that has been under their oversight during the last year of running their office.

Regulations on the use of official travel are not provided by the Law on Public Service. There is a uniform regulation of business travel, including travel by public servants and public officials, provided by Article 209 of the Labor Code and sub-legislative acts, among which the major one is the 29 December 2005 Decree N2335 of the government, which regulates the procedures of the compensation of business travel expenses, minimal sizes of business travel expenses and minimum and maximum sizes of means allocated from state and municipal budgets for travel expenses, etc. Article 311 and 311¹ of the Criminal Code define receiving and taking bribes, respectively, as criminal offenses for all public officials and public servants.

Explicitly, the bidding/contracting documents in public procurement do not contain anti-corruption clauses. However, they contain clauses aimed at enhancing transparency, accountability, and integrity in the procurement processes (see more on that below in the discussion of Reduce Corruption Risks by Safeguarding Integrity in Public Procurement section).

INTEGRITY MECHANISMS (PRACTICE)

To what extent is the integrity of civil servants ensured in practice?

2014 score – 25

³⁴⁰ By the same Article, if the market price of such gift exceeds 100,000 AMD, then the public servant or high-ranking public official shall receive the consent of his/her superior, or, if the high-ranking official does not have superior, then he/she shall hand the gift for benevolent purposes. Such gift becomes the property of the corresponding state body.

³⁴¹ These provisions do not apply to NA members. According to alteration by HO-112-N in Article 2 (2), the provisions of the law apply to high-level public officials only in cases when it is directly mentioned about it. In this regard, in Article 23 it is mentioned that the requirements of the provision applies to high-level public officials and there is no exception mentioned in the Article about NA members.

In response to TI AC's official query,³⁴² the Civil Service Council responded that during the period of 2012–2013 the Civil Service Council had not received information from ethics commissions operating within the civil service system about breaches of ethics rules by civil servants. They also confirmed that ethics had been covered in a number of training programmes since 2006. According to the Global Corruption Barometer 2013, 68 per cent of respondents mentioned that they consider that public officials and civil servants are corrupt/extremely corrupt.³⁴³

PUBLIC EDUCATION (PRACTICE)

To what extent does the civil service inform and educate the public on its role in fighting corruption?

2014 score – 0

In response to TI AC's official query³⁴⁴ the Civil Service Council answered that during the last three years they had not conducted any research to detect how many citizens were informed on how to fight corruption (whom to approach, how and when). During 2012–2013 period the Council had not conducted any projects aimed at raising awareness of the negative effects of corruption.

COOPERATE WITH PUBLIC INSTITUTIONS, CSOs AND PRIVATE AGENCIES IN PREVENTING/ ADDRESSING CORRUPTION (PRACTICE)

To what extent does the civil service work with public watchdog agencies, business and civil society on anti-corruption initiatives?

2014 score – 0

In response to TI AC's query, the Civil Service Council answered that during the last three years together with the Union of Armenian State Servants and the Freedom of Information Center they conducted training for civil servants, in which were included topics on anti-corruption.

REDUCE CORRUPTION BY SAFEGUARDING PROCUREMENT (LAW)

To what extent is there an effective framework in place to safeguard integrity in public procurement procedures, including meaningful sanctions for improper conduct by both suppliers and public officials, and review and complaint mechanisms?

2014 score – 75

The Law on Procurement provides that open bidding (tender) shall be the preferable and major procurement procedure³⁴⁵ and other procurement procedures shall be applied only in the cases, prescribed by the named Law.³⁴⁶

The LP clearly indicates that open tenders is a default method of procurement. Only in cases stipulated

342 Response of the Civil Service Council to TI AC's official query, 9 April 2014.

343 Transparency International, "Global Corruption Barometer 2013 – Armenia".

344 Response of the Civil Service Council to TI AC's official query, 9 April 2014.

345 RA Law on Procurement, Article 17.

346 By the same Article of the Law (Article 17) other procurement procedures are competitive dialogue, limited procedures and negotiations procedure.

in LP, other methods of procurement can be used.³⁴⁷ According to 2013 annual statistics³⁴⁸ the share of open tenders is about 45 per cent (of which, the share of open tenders is 2 per cent, framework agreements is 40 per cent and simplified procedure is about 3 per cent). In practice almost 55 per cent of procurement procedures are conducted using non-competitive methods of procurement (the negotiated procedure without prior publication of a contract notice, previously called single source). Although the Law regulates the exceptions for not using open tenders, as one can see from numbers and trends in practice open tenders are not the predominant method of procurement.

According to Article 31 the bids are evaluated following the procedure specified in the invitation.³⁴⁹ The bids compliant to the conditions specified in the invitation are rated as satisfactory; otherwise the bids are rated unsatisfactory and rejected. The winning bidder is selected:

- a) From the bids rated satisfactory by a method that gives preference to the bid with the least price proposed; or
- b) By choosing the bidder, whose price proposal and non-price criteria have scored the highest total sum.³⁵⁰

In practice only the lowest price criteria are used, which is objective, but not efficient and effective and does not support innovation.

According to Article 4, Clause 5 the authorised body (Ministry of Finance) approves standard bidding documents. Standard forms of bidding documents, including the invitation and contract. The samples are attached with the tender announcements. The standard templates are used in practice.

Since 2011, when the current Law entered into force, the decentralised system of public procurement was established. The Law does not require that bodies responsible for the control of activities related to public procurement should be independent. For example, the Ministry of Finance according to Law Authorised Body is a state body responsible for the development and implementation of the government policy in the area of public finance management.³⁵¹

According to Article 36 the authorised body (clause 2) cooperates with other relevant bodies in order to identify cases of infringement of legislation on the protection of economic competition in the procurement process, including collusion and abuse of dominant position (in practice this means control by the State Commission for the Protection of Economic Competition). In addition, the Chamber of Control is responsible for external audit (with special focus on procurement issues). The law does not regulate the status of the bodies responsible for oversight.

There are no specific legal provisions for the supervision of contract implementation. Although there

³⁴⁷ Ibid, article 17, clause 2

³⁴⁸ Procurement Support Center (SNCO), *Annual Report on Procurement Process in 2013* (Yerevan: Ministry of Finance of RA, 2013), 9. <http://gnumner.am/am/category/199/1.html>.

³⁴⁹ The bidder must satisfy the set out in the invitation. The bidder shall meet the following criteria set out in the invitation and required to fulfill contractual obligations:

1) Compliance of professional activity to activities stipulated in the contract; 2) Professional experience; 3) Technical resources; 4) Financial resources; 5) Labour resources.

³⁵⁰ The most economically advantageous tender (MEAT) criterion.

³⁵¹ Coordination of activities on the development of drafts of legal acts related to procurement, performance of methodological guidance over the procurement processes, training of procurement coordinators of customers, etc. Article 15 of the LP. Some of this oversight functions outsourced to Public Support Center.

are a lot of bodies that execute the control of activities related to public procurement,³⁵² but the oversight practice is far from efficient and effective. This statement is based on the quality of reports, their follow-up and continuous nature of problems in the public procurement system.³⁵³

In 2011 due to complete decentralisation of public procurement the role of the State Procurement Agency and its functions were updated.³⁵⁴ As a result now it called the Procurement Support Center and is a state non-commercial organisation under the Ministry of Finance.

Almost 90 per cent of total funding comes from the state budget.³⁵⁵ After decentralisation most of the staff left the Procurement Support Centre to take new jobs as procurement specialists in procuring entities. Due to the shift in its functions the capacity of the Procurement Support Centre is moderate. It is independent from procuring entities, except in cases where the Ministry of Finance carried the procurement.

The Procurement Support Centre also has monitoring and compliance checking mechanisms stipulated in the law. It acts as a secretary in case of procurement appeals. In particular it organises the working process of the Appeal Board, by registering the compliance then by evaluating the compliance and the basis of the complaint and finally by providing an independent conclusion on each complaint and publishing Complaint Board decisions.³⁵⁶

There is only one qualification criteria applicants need to pass attestation and qualification exams. Afterwards they become procurement specialists and act accordingly. This principle is applied in practice.

There is no clear regulation or code of conduct for procurement staff. There is no clear provision in the law that states that the staff in charge of offering evaluations must be different from those undertaking any control.

According to Article 26 of the law, the bidder has the right to request a clarification about the invitation at least five calendar days prior to the deadline for submission of bids. The clarification to the inquirer is provided within three calendar days of receiving such request. On the day following the date when the clarification is provided to the inquirer, an announcement on the content of request and of provided clarification is published in the Bulletin, without disclosing the data on the inquirer.

Amendments in the invitation can be made at least five calendar days prior to the deadline for submission of bids. In case of an open procedure, an announcement about the amendments made and the conditions for their issuance are published in the Bulletin within three calendar days after the day such amendments are made; in case of a restricted procedure, the amendments are provided to those bidders, who received an invitation.

Sharing clarifications and amendments with all the bidders during the bidding process is the case in practice.³⁵⁷

352 Inspectoral bodies, such as State Revenue Committee, Oversight Service of the President, Oversight Service of the Prime Minister, etc. It should be noted that supervision of contract implementation is implemented by a) procuring entity, 2) Ministry of Finance's Financial and Budget Oversight Inspectorate and 3) Chamber of Control, but this check is not based on clear procedures identified in the legislation.

353 See for example Chamber of Control annual reports at: <http://coc.am/YearReportsEng.aspx>.

354 HO-168-N.

355 TIAC, Working Papers: *Monitoring of Public Procurement System in 2011-2013* (TIAC, 2014). <http://transparency.am/files/publications/1410540481-0-216794.pdf>.

356 Ibid.

357 TIAC, Working papers: *Monitoring of Public Procurement System in 2011-2013*, (TIAC, 2014). <http://transparency.am/files/publications/1410540481-0-216794.pdf>

Procurement award decisions are available to the public except the cases when they contain state, service or bank secrets. According to Article 16 of the Law on Procurement the Procurement Support Centre analyses procurement statistics. In addition there is a requirement on preparation annual report. In practice annual reports are produced with some delay. In addition there is no consistency in providing statistical information.³⁵⁸

According to Article 8 of the Law on Procurement, a copy of the procurement procedure minutes or its extract, except for procurements containing state, official or bank secrecy, should be provided to any person, within five calendar days after receipt of a request. In addition according to Article 30, Clause 5 of the Law on Procurement, bidders and their representatives can be present at the evaluation commission's meetings. They can also require copies of the minutes of the evaluation commission's meetings, which are provided within one calendar day.

There is no statistics or any information on frequency and etc., but analysis of complaints proves that there is no case indicating the violation of this provision. There is no provision that will prohibit the monitoring of the control processes of public contracting, except for procurements containing state, official or bank secrecy.

There is a hot line that can be used for whistleblowing purposes. In addition due to recent amendments the information recorded via the hotline is sufficient to initiate a case (it automatically becomes an appeal and is examined by the Procurement Support Centre). The Law on Procurement has provisions on complaint (see Articles 45-49).

There is no specific sanction in connection with public procurement. In addition data about violations against the state do not contain any separate statistics regarding public procurement. There are no statistics on this. During the Assessment there were a few cases regarding public procurement misconduct. Poor enforcement of laws and systematic corruption is at the same level as in other sectors of the economy.

LAW ENFORCEMENT AGENCIES

Summary

Since the 2012 Assessment no major improvements have been registered. In fact all the indicators remained the same except for 'Corruption prosecution', which has witnessed a decline. The first half of year 2013 was marked with a record low number of prosecuted corruption cases: for example, in 2011, for bribe taking 14 cases involving 22 persons were adjudicated, which led to 18 convictions. For a country where the perception of society about widespread nature of corruption is high, this number is very low and shows that there is limited will to combat corruption.

However, the situation in 2013 worsened further: only two cases involving two persons were adjudicated for bribe taking during the first half of 2013. Moreover, during the same period no files for bribe giving and only six files for bribe taking were opened.³⁵⁹ In addition, for all 31 types of corruption

³⁵⁸ Ibid. The content of the report is not clear and regulated. The quality of information and statics included in the annual report for 2013 is much better compared with 2012.

³⁵⁹ See: www.genproc.am/upload/File/Korupcion%20hanc_-hetaqnnutyanyan%20ev%20naxaqnnutyanyan%20ardyunqneri%20masin%202013%201-in%20kisamjak.pdf [Accessed 19 June 2014].

cases, during the first half of the year of 2013 only 48 cases were adjudicated. Again, this number is extremely low and suggests that corruption is not being fought by law enforcement agencies properly.

Compared with other post-soviet countries it appears low. For example, in Estonia, which shares similarities with Armenia in terms of common Soviet legacy, comparable size of territory and population, just in 2013 322 corruption crimes were registered.³⁶⁰ Nevertheless, a notable change is expected with the creation of an Investigation Committee to replace the police and investigators in the defence sector for preliminary investigation, although it is too early to assess its effectiveness.

Table of indicator scores

Law enforcement agencies			
Overall Pillar Score: 48.6			
	Indicator	Law	Practice
Capacity 58.3	Resources	NA	50
	Independence	75	50
Governance 62.5	Transparency	75	75
	Accountability	50	50
	Integrity mechanisms	75	50
Role 25	Corruption prosecution		25

STRUCTURE AND ORGANISATION

The major law enforcement agencies in Armenia are the police and prosecution service. Their activities are regulated by the Law on Police,³⁶¹ the Law on Police Service,³⁶² the Law on the Prosecution System³⁶³ and other laws and codes (notably, Criminal Procedure Code).

The police are headed by the head of police, who is appointed by the president. The head of police has five deputies, one of whom is the first deputy. Ex officio, both the commander of the police troops and the head of the principle investigation department are appointed deputies. All deputies need to be appointed by the president.

According to the Law on Police, the police system comprises the police and state non-commercial organisations and institutions, which are under the supervision of the police.³⁶⁴ The police consists of the central bodies, Yerevan City Police Department and police departments of the Marzes (provinces). Central bodies are composed of the staff of the head of police, departments, separate divisions (Communication Division and Operative-Technical Division), as well as entities, which are in the structure of police such as the Police Troops Headquarters, Police Academy and Police Training Center.

³⁶⁰ MaRI-LIIS Sõöt, *Estonian Corruption Statistics in 2013*.

³⁶¹ RA Official Bulletin 2001/15(147), 30 May 2001.

³⁶² RA Official Bulletin 2002/32(207), 8 August 2002.

³⁶³ RA Official Bulletin 2007/19(543), 11 April 2007.

³⁶⁴ RA Law on Police, Article 9.

However, on the 19 May 2014 the Law on Investigation Committee was adopted, which entered into force on 28 June 2014. This law essentially changes the overall system of criminal prosecution. This Committee, basically took functions and powers of preliminary investigation from the police and investigators in the defence sector. It is essentially a new body, the operation of which will not be assessed under this study.

The structure of the prosecution system is defined by the law.³⁶⁵ The prosecution system comprises the Office of the Prosecutor General, Office of the Prosecutor of the City of Yerevan, offices of the prosecutor of the administrative districts of Yerevan, offices of the prosecutor of marzes (provinces), the Central Office of the Military Prosecutor and offices of the prosecutor of military garrisons.

Another major law enforcement agency is the Special Investigative Service. This is a relatively new service and investigates crimes committed by managerial officials of the executive, legislative and judicial branches of the state and those officials who perform special state services. It also investigates cases relating to elections. The chief of the service is appointed by the president following a recommendation from the prosecutor general.³⁶⁶ The chief of the service appoints other offices in the service. The law sets professional criteria which must be met by the chief of the service, his deputies, senior and general investigators for critical cases. The law stipulates the limitations for the officials, such as a ban on entrepreneurship, holding other offices, being engaged in other professional activity (except for scientific, cultural and pedagogical activity), working with relatives, including by marriage, if their work is directly subordinated to each other, etc.

Each year the chief of the service submits a written report to the National Assembly and the president regarding the operation of the service for the preceding year. The prosecutor general or other prosecutors authorised by him conduct oversight of the legality of the investigation carried out by Special Investigative Service. The prosecutor general can take cases investigated by other bodies and give them to the Special Investigative Service if the case relates to persons (managerial officials) over whom the Special Investigative Service has jurisdiction.

RESOURCES (PRACTICE)

To what extent do law enforcement agencies have adequate levels of financial resources, staffing, and infrastructure to operate effectively in practice?

2012 score – N/A

2014 score – 50

The 2012 Assessment mentioned that the government of US annually grants on average 3 million dollars for the development in the field of law enforcement and that in December of 2011, the US government gave Armenian police technical equipment in the sum of US\$150,000.

The budget of Prosecutor's Office has grown since 2010. In 2010 it was approximately 2692175.7 AMD, which is approximately US\$6567000; in 2014 it was 3,135,491.2 AMD, which is US\$7648000. The budget of the police in 2014 is 54,212,062.5 AMD, which is approximately US\$132224000.00, while in 2010 it was 35210108.9 AMD, which is approximately US\$85878314.00. In response to TIAC's official queries, it was noted that during 2013 the Prosecutors School conducted training

³⁶⁵ RA Law on Prosecution System, Article 8.

³⁶⁶ RA Law on the Special Investigative Service, Article 2, Part 6.

for 16 groups of prosecutors. Each group included 13-20 prosecutors; five prosecutors underwent training twice. During 2013, 520 policemen underwent training and four policemen were trained in Commonwealth of Independent State countries.

The Special Investigative Service, in response to TI AC's query,³⁶⁷ mentioned that since 2012 no changes occurred in the field of salaries of its employees, but that the technical and material equipment of the service had improved. Moreover, it is foreseen to provide separate building to the Special Investigative Service.

The police, in response to TI AC's official letter, mentioned that since 2012 the material and technical base of police had improved, and that the process of recruitment and hiring in police excludes any possibility for biases. However, Mr Avetik Ishkanyan, Head of Armenian Helsinki Committee pointed out the issue of salaries as a problem, which exists in all public institutions in Armenia. He also noted, that he thinks that the material and technical base had not improved since 2012. For these reasons the score for this indicator is 50.³⁶⁸

INDEPENDENCE (LAW)

To what extent law enforcement agencies are independent by law?

2012 score – 75

2014 score – 75

The 2012 Assessment presented appointment procedures of both prosecutors and policemen in detail. It was observed that a candidate for the position of the prosecutor, according to the Law Prosecution System, shall have permanent residence in Armenia, a bachelor degree of law or have a diploma of the specialist with higher education in law or received such degree in a foreign country, which is recognised as such and equivalent to the mentioned Armenian degree.³⁶⁹ The prosecutors (except the prosecutor general and his/her deputies) are appointed by the prosecutor general,³⁷⁰ based on the list of candidates for the positions of prosecutors and official list of promotion of prosecutors.

For policemen, it was observed that in addition to the citizenship and knowledge of Armenian, the individual, who seeks to serve in the police, shall be of age of maximum 30 years,³⁷¹ who has served in the army (except females and those who were exempted from military service, if the exemption was not based on health conditions), and is capable of carrying out the duties of police officer based on his/her professional, individual and moral qualities, education, health and physical conditions, and regardless his/her national, racial or social origin, sex, and property and other conditions.³⁷² It was observed that this lays grounds for their protection from political interference.

³⁶⁷ Response of RA Special Investigative Service to TI AC's official query, 2 April 2014.

³⁶⁸ Interview of the Head of Armenian Helsinki Committee, Avetik Ishkanyan, with the representative of TI AC, 19 June 19, 2014.

³⁶⁹ Article 32 of the Law on Prosecution System.

³⁷⁰ *Ibid.*, Article 36.

³⁷¹ The same Article provides that for certain specialties in the police, the list of which shall be defined by the government, citizens, who do not have the qualification of policeman or police officer also can be appointed based on the results of their training.

³⁷² RA Law on Police Service, Article 11. The same Article provides that the requirements on professional, physical and health conditions shall be defined by the decision of the government.

It was also observed that legislation does not allow any other authority to instruct the prosecutors not to prosecute specific cases. It was mentioned that the Law on Prosecution system inter alia stipulates the functioning of the School of Prosecution System. This school was abolished and replaced by the Academy of Justice, about which please see “Structure and Organization” part of the Judiciary pillar.

Since 2012, in regard to the independence of the prosecution system and the police no major changes have taken place in the legislation, except for one amendment in the Law on Prosecution System.³⁷³ It was amended with a new Article 35.1, which concerns the grounds for deleting the name of a person from the list of candidates for the position of a prosecutor (hereafter list of candidates).

According to Article 35.1, there are 11 grounds for deleting a person’s name from the list of candidates, ranging from incompetence and criminal prosecution, to failure to attend the required number of classes. The procedure of deletion is conducted by the prosecutor general.

The Investigative Committee replaces the police and investigators in the defence sector, in terms of conducting preliminary investigations. The head of the Committee is appointed by the president for a six-year period, following being presented by the prime minister. The deputies are appointed by the president, whose candidacies are put forward by the head of the Committee. Unfortunately, neither the parliament nor community of legal professionals are involved in this process. The Law lacks any criteria to be met by the head of the Committee or the deputies. Other appointments in the Committee are made by the head of the Committee.³⁷⁴

Within the Committee there is a Qualification Commission, which is composed from nine members: one of the deputies, four other servants of the Committee who are selected by draw and four legal scholars. The Commission is chaired by the deputy. All the members of the Commission are appointed by the head of the Committee for a three-year period. The Qualification Commission is the main actor in appointment and promotion of servants of the Committee.

One shortcoming in this regard is that there are no clear procedures and rules laid down in the law pertaining to the formation of the Commission by four legal scholars: which criteria they must satisfy? It is completely left to the discretion of the head of the Committee. Another shortcoming in this regard, is that the law does not provide guarantees to secure independence of the four legal scholars. The Qualification Commission annually updates the list of candidates for the Investigation Committee’s servants.³⁷⁵

Article 17 lays down clear criteria that the servants must meet in order to work in the Committee.³⁷⁶ The decisions of the Qualification Commission can be appealed to the Administrative Court. If the

373 Law No. HO-52-N, adopted on 2 May 2013.

374 RA Law on the Investigation Committee, Article 20.

375 RA Law on the Investigation Committee, Article 18.

376 The servant must be a: citizen of Armenia who permanently resides in Armenia; have higher legal education (LL.D., masters or specialist with diploma); served in the national army (except for female candidates) or those who were freed from the service in accordance with law; have knowledge of Armenian; do not have a sickness which can prevent him from serving (the list of that kind of sicknesses is being provided by the government’s decision). At the same time, those candidates who are recognised as non *compos mentis* by the judicial act entered into legal force, who by the judicial act entered into legal force was deprived from the right to occupy office in public service, who was convicted for committing crime, against whom is being conducted criminal proceedings or against whom was adopted decision to terminate criminal proceedings but which the ground of which was not acquittal. The Qualification Commission checks professional skills and judicial education, as well conformance of the provided documents with other requirements stipulated by law. Such formulation is a little bit confusing, because it is not clear to which requirements the documents must conform. Clearly, it is not the requirements stipulated by the same Law on Investigation Committee, otherwise it would be written the phrase “by this law”.

Court recognises Commission's rejection of an application was not lawful, then the application is to be considered again.

In addition to the list of candidates, also there is list of promotions.³⁷⁷ The same Commission is in charge for composing this list, which is usually created during the annual attestation of the servants of the Committee.

Once every three years, servants of the Committee undergo attestation.³⁷⁸ Attestation is conducted to check conformity of skills and knowledge of servants, as well for promotion. A shortcoming here is that the Law does not state conditions when the head of the Committee can instruct extraordinary attestation of an individual servant. In other words, there is wide discretionary power.

Article 7 of the Law on the Investigation Committee, stipulates that the servants shall be free in discharging their duties and are subjected only to the law. It also prohibits any interference in affairs of servants, when they exercise their official powers.

INDEPENDENCE (PRACTICE)

To what extent are law enforcement agencies independent in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment quoted the European Neighbourhood Policy 2010 Implementation Report, which mentioned that Armenia should continue its reforms in the area of policing, the security services and the Prosecutor's Office. It also quoted the Helsinki Association of Armenia, which mentioned that, "Fulfilling the orders of the prosecutor's office and the authorities, the courts fail to exercise justice". The 2011 Nations in Transit report mentioned:

"Attempts at judicial reform since 2007 have not succeeded in lessening the dependence of the prosecutor's office and court system on the executive branch".³⁷⁹

This finding is the same for the Nations in Transit 2013 report.³⁸⁰ The US Human Rights Report 2013 noted:

"Courts remained subjected to political pressure from the executive branch, which resulted in some politically motivated prosecutions and sentencing..."³⁸¹

The Civil Society Forum of Eastern Partnership noted:

"[t]he legislative changes were proved to be ineffective in securing genuine independence of the judiciary and prosecution."³⁸²

377 RA Law on the Investigation Committee, Article 19.

378 RA Law on the Investigation Committee, Article 35.

379 Aleksandr Iskandaryan, *Armenia: Nations in Transit 2011* (Freedom House, 2011). www.freedomhouse.org/sites/default/files/inline_images/NIT-2011-Armenia_0.pdf.

380 Aleksandr Iskandaryan, *Nations in Transit 2013: Armenia*.

381 John F. Kerry, *Preface to the 2013 Country Reports on Human Rights Practices*.

382 The Eastern Partnership Civil Society Forum, *Judicial Independence in the Eastern Partnership Countries (EU Neighbourhood Library, 2011)*, 2. www.eap-csf.eu/assets/files/publications/Judicial_Independence_in_the_EaPCountries.pdf.

Bertelsmann Stiftung noted:

“Additionally, although there is a reasonable administration of justice, adjudication remains contingent on political, personal or financial interference (such as bribery). This is related to a fairly weak rule of law, matched by a flawed system of law enforcement and a sometimes checkered record of justice, primarily in the less developed regions of the countryside, but not excluding incidents in the major cities.”³⁸³

In the opinion of Mr Avetik Ishkanyan, the police show idleness during voting when they observe violations committed by the representatives of authorities. In addition, in the opinion of Mr Avetik Ishkanyan, the police show idleness when relatives of high-level officials or oligarchs commit crimes. He also used the example of the violation of freedom of assembly by the police, and in his opinion the police rather than acting in accordance with the law, act on political orders. He is also of the opinion that cases of intimidation against policemen took place and will be continued.³⁸⁴

Nevertheless, Special Investigative Service in its response to TI AC’s query,³⁸⁵ mentioned that appointments in the Service were always made based on clear professional criteria. Also, it was mentioned that cases of political interference or harassment of employees have not taken place.

The situation since 2012 has changed little, in terms of independence of law enforcement agencies, and for these reasons the score remains unchanged.

TRANSPARENCY (LAW)

To what extent are there provisions in place to ensure that the public can access the relevant information on law enforcement agency activities?

2012 score – 75

2014 score – 75

The 2012 Assessment observed that publicity is declared as one of the major principles on which the activities of the police and prosecution bodies shall be based. It was particularly observed that the law provides that the prosecution bodies shall inform the public about their activities as much as it does not contradict to the rights, freedoms and legitimate interests of the citizens, as well as the maintenance of state and other secrets, defined by the law. It was also observed that the victims have the right to get acquainted with the materials on their respective cases. In addition, it was noted that as high-level public officials, certain high-level prosecutors and policemen are obliged to submit declarations on income and assets.³⁸⁶

Since the 2012 Assessment the relevant provisions concerning the transparency of both the prosecution system and police have not changed. The only change, which concerns the prosecution system and can be considered as a positive development in terms of enhancing transparency and

³⁸³ Bertelsmann Stiftung, *BTI 2014*, 27.

³⁸⁴ Interview of the Head of Armenian Helsinki Committee, Avetik Ishkanyan, with the representative of TI AC, 19 June 2014.

³⁸⁵ Response of RA Special Investigative Service to TI AC’s official query, 2 April 2014.

³⁸⁶ According to the Law on Public Service, the head of the police and his deputies (there are six deputy heads), the prosecutor general and his deputies (there are four deputies), prosecutors of marzes, the prosecutor of Yerevan and garrison prosecutors, the head and deputy head of the Special Investigatory Service are high-ranking officials, and, thus, they, as well as their close relatives are required to declare their income and assets, and these declarations shall be submitted to the Ethics Commission for High-Level Public Officials of High-Ranking Public Officials.

accountability of the prosecution system is made by the adoption of the Law no. HO-4-N, which sets clear deadlines and requirements on the content of annual reports submitted to the National Assembly (see Accountability Law).³⁸⁷

As for the Investigation Committee, the Law on the Investigation Committee stipulates that servants of the Committee are subject to restrictions stipulated under the Law on Public Service.³⁸⁸ Nevertheless, the declaration of income and assets must be submitted only by high-level public officials, the definition of which is provided in Article 5 of the Law on Public Service. In the definition, a term “Head of the Investigation Committee and his deputies” are missing. On the other hand, heads and deputies of the bodies established by law are considered high-level public officials. Thus, it is unclear whether the head of the Committee and his deputies are regarded as high-level public officials or not.

Article 8 of the Law on Investigation Committee clearly stipulates that the Committee must publish information on its own activities on an annual basis. The Committee presents a written report to the president and the government on the activities of the Committee for the previous year. A positive provision present in the Law on Investigation Committee is that the Committee shall compose semi-annual statistics on its own activities.³⁸⁹

TRANSPARENCY (PRACTICE)

To what extent is there transparency in the activities and decision-making processes of law enforcement agencies in practice?

2012 score – 75

2014 score – 75

The 2012 Assessment judged this indicator quite high. The Prosecutor’s Office’s website is regularly updated. The website of the police is also quite transparent and provides abundant information on its activities. As for the Special Investigative Service it is structured in a user-friendly way and provides no obstacles for visitors to find the information. However, a common observation for both sites would be to make the search function more user-friendly.

The declarations on income and assets of the chief of police and deputies are posted on the website of the Ethics Commission for High-Level Public Officials. The declarations of the prosecutor general and his deputies, prosecutors of regions and garrisons are published as well. The declarations are updated annually. The declarations of the head of Special Investigative Service are not published, as this position is not listed in the Law on Public Service. One positive observation is that both the Prosecutor’s Office and the police are quite active in answering to cases of public interest via their respective communication departments.

In view of the above, the score has not changed.

387 Law No. HO-4-N, adopted on 11 March 2014.

388 RA Law on Investigation Service, Article 10.

389 RA Law on Investigation Service, Article 4.

ACCOUNTABILITY (LAW)

To what extent are there provisions in place to ensure that law enforcement agencies have to report and be answerable for their actions?

2012 score – 50

2014 score – 50

The 2012 Assessment judged the legal channels that victims of crimes can use as well as channels for those who want to report misbehaviour of public servants. It was observed that Armenian legislation does not foresee special agencies or entities to investigate and prosecute corruption committed by law enforcement officials and does not contain any provisions that could provide immunity for law enforcement officials from criminal proceedings.

The Criminal Code contains special chapter on the crimes committed against state services³⁹⁰ by public officials, and as the law enforcement officers are public officials, these articles are applicable to them. In addition, the Law on Police explicitly provides that the police officer shall be held liable for not performing or improperly performing his/her duties without grounded reasons, abusing his/her office or violating ethical rules defined for police officers.³⁹¹ At the same time it was noted that the prerogative of the prosecutor general or deputies to initiate criminal proceedings against prosecutors makes it more difficult to prosecute the prosecutors.

No developments occurred since 2012, except for the change concerning the submission of an annual report to the National Assembly by the prosecutor general under Article 5 of the Law on Prosecution. Previously this Article was not clear enough in terms of dates of submission of the report and the content. Following the alterations, there is a clear deadline (before 1 April) and clear content requirements (information, statistical data, comparative analysis and conclusions in regard of the functions stipulated under Article 4 of the Law on Prosecution system).

As for the Investigation Committee, Article 3 of the Law on Investigation Committee clearly stipulates that crime reports must be processed in the manner and order stipulated by the Criminal Procedure Code. Thus, the Committee together with other bodies of preliminary investigation falls under jurisdiction of Criminal Procedure Code.

Crimes committed by the servants of the Investigation Committee, will be investigated by the investigators of Special Investigative Service, as required by Article 190 of the Criminal Procedure Code. The Law does not provide immunity for the servants of the Committee.

Article 31 of the Law on Investigation Committee regulates the issue of disciplinary proceedings. According to this, disciplinary proceedings are initiated by the decision of the Disciplinary Commission, based on the motion of a member of the Commission, the head of the Committee or his deputy. The problem with this is that citizen's applications are not an immediate basis for instigating disciplinary proceedings.

390 RA Criminal Code, Chapter 29, Articles 308-315.2.

391 RA Law on Police, Article 43.

ACCOUNTABILITY (PRACTICE)

To what extent do law enforcement agencies have to report and be answerable for their actions in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment observed that the Prosecutor General's Office annually presents its report to legislature and that it is available on the website. It also quoted the finding of the OECD Monitoring Group, which noted that the number of investigations, prosecutions and convictions on corruption crimes committed by high-ranking officials is very modest. At the same time it was noted that convictions of high-level police officers Mr Ohanyan and Mr Tamamyanyan are illustrations that law enforcement officials are not secure from prosecution.

Since 2012, the Prosecutor General's Office has continued the positive practice of publishing reports. Moreover, the incumbent prosecutor general is more active in informing the public about the peculiarities of some criminal cases which have nationwide interest. For example, during his appointment he was questioned about a murder in Goris city, in which, according to media, was involved the son of former head of Syunik region. The incumbent prosecutor general quite actively presented his viewpoint on the case in the legislature and to the media.³⁹²

The prosecutors continue to give reasoning for their decisions and still these decisions can be legally challenged.

TI AC made official queries to Prosecutor's Office, Special Investigative Service and the police; the results of which are following:

The Prosecutor's Office does not have separate statistics for public servants engaged in corruption. Nevertheless, during 2013 the Prosecutor's Office received 13 complaints against its employees. Based on the complaints 12 service examinations against 13 prosecutors were conducted and one service examination against two car drivers. The service examinations did not reveal any violations about the eight prosecutors and two drivers. The examinations were carried out during a 30-day period. Regarding four prosecutors, violations were revealed on not performing service duties properly and breaching professional rules of conduct. During operative consultations these violations were discussed and the prosecutors were warned.

In 2013, the police received 1,534 complaints against policemen.

During 2012–2013 for 43 reports against policemen were not opened as criminal files based not on acquittal grounds, 72 cases resulted in open criminal files, six of which were terminated for acquitting grounds, 15 not on acquittal grounds, two cases were suspended and 41 were sent to court. Overall, 23 policemen were sentenced and two criminal cases were suspended not on acquittal grounds. Against policemen were received 1,610 applications in 2012, and 1,534 in the next year. All these applications were processed in accordance with prescribed time limits.

³⁹² See: www.azatutyun.mobi/a/25118570.html [Accessed 22 June 2014].

The Special Investigative Service reported that during the period of 2012–2013 they did not receive any complaints against their employees. During the same period they conducted four service investigations. they conducted four service investigations, resulting in one servant being demoted, while in the other three cases were resolved through discussions. One of these three servants voluntarily left office. During the same period 17 investigators passed attestation. During the same period, regarding 84 state employees indictments were sent to the courts.

As regards accountability in general, the US Human Rights Report 2013 noted that:

“In multiple instances throughout the year, law enforcement bodies refused to prosecute high profile cases involving individuals linked to the government, or the courts gave lenient sentences in such cases.”³⁹³

Taking into consideration various instances of the inadequate punishment of policemen who violated the freedom of assembly, instances of which are well-documented in the 2013 annual report of Human Rights Defender,³⁹⁴ and not proper punishment of perpetrators, there are no grounds to increase the score for this indicator.

INTEGRITY MECHANISMS (LAW)

To what extent is the integrity of law enforcement agencies ensured by law?

2012 score – 75

2014 score – 75

The 2012 Assessment observed that the legal regulation of the issues related to the integrity of police officers and prosecutors is based either on the relevant laws on those state services, such as the Law on Police Service and Law Prosecution System and legal acts stemming from them, or other legal acts, which regulate the corresponding aspects of the public service integrity, for example the Law on Public Service. No crucial changes have occurred since 2012. The changes that were made in the Law on Public Service relate to the law enforcement agencies too, although, as discussed earlier, these are largely cosmetic about which please see discussion of the relevant indicators of the Executive and Legislature pillars.

As for servants in the Investigation Committee, as was already mentioned, the Law on Investigation Committee stipulates that servants are subject to limitations stipulated under Law on Public Service.³⁹⁵ Article 23 of the Law on Public Service, together with Article 24, stipulates certain limitations. Article 23, lays down restrictions on receiving gifts and revolving door principles. However, conflict of interest is regulated under Article 30 of the Law on Public Service, which in case of using the technique of “ plain language commentary”, means that basically the rules contained in Article 30 of the Law on Public Service on conflict of interest, are not applicable. Besides, Article 29 of the Law on Public Service, is specific and is about receiving gifts. Again, in case of using technique of “plaining language commentary”, this Article can also be considered as not applicable toward the servants.

393 US Department of State, *Armenia 2013 Human Rights Report*, 11

394 RA Human Rights Defender, *Annual Report: On the Activities of the RA Human Rights Defender*, 339-340.

395 RA Law on Investigation Committee, Article 10.

On the issue of inaccurate declarations, the situation remains the same, as basically there are no mechanisms in place.³⁹⁶ However, the duty to provide declarations relates only to high-level public officials, which basically means that the servants of the Committee are not obliged to submit declarations.

INTEGRITY MECHANISMS (PRACTICE)

To what extent is the integrity of members of law enforcement agencies ensured in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment mentioned that in the field of training there are no problems, while little was known about adhering to the Code of Conduct. At the same time it quoted one of the local NGOs, Sakharov Center, which in its alternative report, noted that codes of conduct were not implemented often, were violated, and appropriate supervision was not secured for regulating the behaviour of law enforcement agencies.³⁹⁷ In response to TI AC's query,³⁹⁸ the General Prosecutor's Office provided the following data:

“During 2013 13 disciplinary proceedings were initiated against 14 prosecutors. 1 case was initiated for the reason of not attending work place, 10 cases the reasons were not performing proper inspection over preliminary investigations which resulted in breaching procedural and material provisions of legislation, 1 case was initiated based on the failure by a prosecutor to report to the Prosecutor General or proper Deputy and another case was initiated because of failure to provide information to the Human Rights Defender who applied to Prosecutor's office. Against 2 prosecutors “Rebuke” was exercised and one of them, within another disciplinary proceeding, was downgraded by one grade. Against 5 prosecutors a “Reprimand” was applied and one of these 5 also received “Severe reprimand” and the same prosecutor within another disciplinary proceeding was freed from a disciplinary fine. 1 prosecutor was dismissed from his office and another one received a “Severe reprimand.”

In 2012, 1,610 applications against policemen were received, followed by 1,534 in 2013. All these applications were processed in accordance with prescribed time limits. During the period of 2012–2013 they did not receive any complaints against their employees. During the same period four service investigations were conducted. In one of the cases, the servant was demoted from his office, while in remaining three cases discussions were conducted. One of these three servants voluntarily left office.

396 See the excerpt from the 2012 NIS Assessment: “Another type of wrongdoing by a high-ranking executive is the failure to submit his/her declaration on income and assets or submission of false information containing in the declaration. The enforcement of the submission of the declarations is regulated by the Law on Public Service. The Commission on the Ethics of High-Ranking Public Officials is the sole body that is authorized to initiate proceedings related to the disclosure. However, the Commission's power is limited, as by the same Article of the Law, the Commission is not empowered to penalize the violator. It can only hand its conclusion to the President of the Republic and supervisor of that official, who makes the final decision on that case, or sends the materials to the Office of the Prosecutor General, if it finds that there are signs of criminal offense.”

397 The A.D. Sakharov Armenian Human Rights Protection Center, *Alternative Report on the Fulfillment of Obligations Assumed by the Republic of Armenia in Human Rights According to the UN Universal Periodic Review* (2011). www.sakharovcenter.org/files/analyses/63d090de8.pdf.

398 Response of the General Prosecutor's Office to TI AC's official query, 11 April 2014.

Taking into consideration the violation of the freedom of assembly, discussed previously, it does not seem right to increase the score. The violation of the latter and the failure to punish of all the perpetrators is evidence that the practical level of integrity in law enforcement in Armenia is still not that high. Surely, as the official data shows there were cases of punishment, but still the negative practice of violation of the freedom of assembly continues, a perfect illustration of which was the refusal to allow picketing in front of the building of the National Commission on Public Services in June 2014.³⁹⁹

CORRUPTION PROSECUTION (LAW AND PRACTICE)

To what extent do law enforcement agencies detect and investigate corruption cases in the country?

2012 score – 50

2014 score – 25

The 2012 Assessment mentioned that the application of proper investigative techniques is regulated by the Law on Operative-Investigative Activities, and that the law does not explicitly stipulate which technique must be used for detecting corruption cases. The Assessment particularly observed that special legal and procedural powers for the investigation and prosecution of corruption crimes do not exist and that the police and prosecutors have the same powers with regard to corruption cases as for other cases. Nevertheless, it was evaluated that these powers are adequate. Since then, there have been no changes in the relevant legislation.

According to statistics of Prosecutor General's Office, in 2011 there were 14 cases involving 22 individuals for bribe taking adjudicated in the court leading to 18 convictions.⁴⁰⁰ For bribe giving there were two cases involving five individuals, all of whom were sentenced. In total for all 31 types of crimes, which are designated by the prosecutor general as corruption crimes, 121 cases were adjudicated involving 189 persons; 68 of whom were public officials in 2011. Out of 189 persons, 143 persons were convicted.

In the first half of 2013, two cases involving two individuals for bribe taking were adjudicated in the court and both were convicted.⁴⁰¹ As for bribe giving, one case involving one individual was adjudicated and that individual was convicted. During the same period only six files for bribe taking and no files for bribe giving were opened.⁴⁰² For all 31 types of corruption crime, as designated by the former prosecutor general, in the first half of the year 2013, only 48 cases were adjudicated. This number is extremely low for a country such as Armenia. For example, in Estonia just in 2013 were 322 crimes of corruption registered.⁴⁰³

These statistics on bribe giving and taking suggest limited attention to the fight against corruption and hence the score has decreased. Such statistics are evidence of either not proper attention to the fight against corruption or lack of interest to fight it.

399 See: <http://1lur.am/am/?p=185344> [Accessed 22 June 2014].

400 See: <http://genproc.am/upload/File/Korupcia%20dataqnnutyun2011.pdf> [Accessed 19 June 2014].

401 See: www.genproc.am/upload/File/Korupcion%20hanc_-datakan%20qnnutyun%20ardyunqneri%20masin%202013%201-in%20kisamjak.pdf [Accessed 19 June 2014].

402 See: www.genproc.am/upload/File/Korupcion%20hanc_-hetaqnnutyun%20ev%20naxaqnnutyun%20ardyunqneri%20masin%202013%201-in%20kisamjak.pdf [Accessed 19 June 2014].

403 MaRI-LIIS SooT, *Estonian Corruption Statistics in 2013*.

As for the Investigation Committee, that Law on Operative-Investigative Activities is still not supplemented to include the Investigation Committee in the list of empowered agencies to use special techniques.

CENTRAL ELECTORAL COMMISSION

Summary

Since the 2012 Assessment no substantive developments have taken place. The only indicator to alter relates to resources, which during this assessment has received the highest possible score. The general picture of the CEC has remained the same: a strong legal framework is compromised by weak practice. The CEC continues to suffer from lack of independence and it has still not gained public trust. According to the recent data of Caucasus Barometer 2013, 43 per cent of respondents consider the last elections were not fair at all, while in 2012 this number was 27 per cent. In neighbouring Georgia, only 10 per cent of respondents consider that the last elections were not fair at all.

The results of the last presidential elections in 2013 were disputed again by the opposition. Indeed, since 1996, all national election results have been disputed by the opposition and the official winners have not received the endorsement of their rivals. The elections were marked by irregularities, although there was some notable progress in the TV coverage of opposition candidates. During the elections, opposition candidates were not bullied or portrayed as weak candidates.

Table of indicator scores

Central Electoral Commission			
Overall Pillar Score: 61.06			
	Indicator	Law	Practice
Capacity 66.6	Resources		75
	Independence	75	50
Governance 66.6	Transparency	75	75
	Accountability	75	50
	Integrity	75	50
Role 50	Campaign regulation		50
	Election administration		50

STRUCTURE AND ORGANISATION

The rules of formation, powers and responsibilities of the electoral system are laid down in the Electoral Code, which was adopted by the Armenian National Assembly (parliament) on 26 May 2011.⁴⁰⁴ Armenia has a three-tier electoral administration system comprised of the Central Electoral Commission (CEC), Territorial Electoral Commissions (TECs) and Precinct Electoral Commissions

⁴⁰⁴ This is the second Electoral Code adopted by the Armenian Parliament. The first one was adopted on 5 February 1999. Before that different types of elections were regulated by corresponding electoral laws, such as, for example, Law on Presidential Elections and others.

(PECs).⁴⁰⁵ The number of electoral districts is equal to the number of majoritarian seats in the National Assembly,⁴⁰⁶ which is currently 41. Thus, there are now 41 TECs in Armenia (one for each electoral district), which are comprised of 1,923 PECs.

According to the Electoral Code, the electoral commissions shall ensure the implementation and protection of the voting rights of the voters.⁴⁰⁷ CEC is empowered to pass normative and individual legal acts, whereas TECs and PECs can pass only individual legal acts.⁴⁰⁸ The Electoral Code also regulates the organisation of the activities of electoral commissions,⁴⁰⁹ the procedure of reviewing the appeals by the higher-level electoral commissions⁴¹⁰ and procedures of vote recounts.⁴¹¹ It also defines the scope of powers of electoral commissions.⁴¹² Finally, the CEC and TEC shall consist of seven members,⁴¹³ and each electoral commission shall have its chair, deputy chair and secretary.⁴¹⁴

RESOURCES (LAW AND PRACTICE)

To what extent does the CEC have adequate resource to achieve its goals in practice?

2012 score – 75

2014 score – 75

The 2012 Assessment thoroughly described the regulations concerning funding of electoral commissions, remuneration of members of commissions and their training. Since 2012 some minor developments have meant minor increases in the remuneration of the head of the Oversight and Audit Service of the CEC and to the members of the CEC. However, almost one month later, another legal act was adopted which overruled the changes and entered into force on 1 July 2014. These new alterations stipulate that the percentages of the wages of CEC members will be regulated under the Law on Remuneration of the Persons who held State Offices.⁴¹⁵

At the same time, these new amendments also stipulate that since 1 July 2014 the calculation of salaries of all members of all electoral commissions will be conducted in accordance with the Law on Remuneration of the Persons who held State Offices. It also invalidated Parts 3, 4 and 6 of Article 38 of the Electoral Code, which stipulate wages for the members of the electoral commissions (3, 4) and doubling of the wages for the staff of CEC during the elections period (6).

The 2012 Assessment also particularly noted that the CEC receives appropriate funding, that the staff of CEC and TECs underwent regular training, and that technical equipment was sufficient and upgraded by the support of international organisations. However, several shortcomings were also stressed, particularly the absence of space for electoral commissions and transport means for members of commissions.

405 RA Electoral Code, Article 34.

406 Ibid., Article 17.

407 Ibid., Article 35.

408 Ibid., Article 36.

409 Ibid., Article 44.

410 Ibid., Article 47. According to Article 46 appeals against the decisions, actions (inaction) of PECs or the results of voting in the TEC shall be addressed to the corresponding TEC and appeals against the decisions, actions (inaction) of the TEC shall be addressed to CEC.

411 Ibid. Article 48.

412 Ibid., Chapter 10, Articles 49-53.

413 Ibid., Articles 40 and 41 for the CEC and TEC composition, respectively.

414 Ibid, Articles 39-41 for CEC, TEC and PEC, respectively.

415 Law no. HO-184-N, adopted on 12 December 2013, Articles 1 and 2

The current chairman of the CEC, during the interview with the representative of TI AC, noted that, “the question of space, must be considered as basically solved one, because during the previous Presidential elections,⁴¹⁶ all TECs had their own premises”.⁴¹⁷ As for computer equipment, the chairman said that computer equipment was provided and during the last elections to Yerevan’s Council of Aldermen; all data was shared by electoral commissions electronically.

The head of the journalists club Asparez, Mr Levon Barseghyan, who has experience in monitoring national elections in Armenia, mentioned that he did not have any concerns on those issues during the recent national elections.

As for the transport issue of members of commissions, the chairman mentioned that problems did not arise, because members of TECs, during elections, show up in the CEC only once. This statement by the chairman was not challenged by Mr Levon Barseghyan. It must be noted that since 2012 the media have not reported any concerns regarding the issue of space, computer equipment and transport.⁴¹⁸

As during the previous report, there are no issues pertaining to the sufficiency of the number of staff members of CEC.⁴¹⁹ The training of the staff members of the CEC was and is conducted in accordance with the respective plans designed for civil servants, simply due to the fact that they are considered as civil servants. However, the CEC was proactive and organised training for the members of the staff of CEC, and invited international experts to provide high-level training to the staff members. Overall, the chairman of the CEC thinks that there are no issues in regard to training of the staff members. This opinion of the chairman was supported by Mr Levon Barseghyan, who mentioned that he was not aware of such issues.

On the issue of receiving budgetary means in due time, the chairman noted that the funding was provided in a full and timely manner. Mr Levon Barseghyan said that there were no complaints about receiving budgetary means from the four TECs from the Shirak region, which is the most remote region in Armenia. At the same time the media has not reported on the problems of receiving money by the commissions in due time and manner.

It can be said that from the practical part, some noted shortcomings and problems received smart solutions, such as transport means for TEC members, or the issue of space for TEC members. However, still it is not sufficient to grant the maximum possible score, which would mean that the CEC does not have any resource problems.

INDEPENDENCE (LAW)

To what extent is the CEC independent by law?

2012 score – 75

2014 score – 75

The 2012 Assessment assessed this dimension of the Electoral Management Body comprehensively, in terms of the appointment process of the members of the electoral commissions, financial independence and functional independence. Overall the assessment was positive.

416 The last Presidential elections in Armenia took place in February 2013.

417 Interview of the Chairman of the Central Electoral Commission of Armenia, Mr Tigran Mukuchyan, 10 April 2014.

418 Interview of the Head of Journalists Club “Asparez”, Levon Barseghyan with the representative of TI AC, 5 June 2014.

419 Ibid.

As was mentioned in the 2012 Assessment, the CEC and TECs are formed based on the principle of political neutrality, when certain state bodies nominate and/or appoint the members of electoral commissions, whereas precinct electoral commissions are formed based on party affiliation, when all or most of the members of the commission are appointed by political parties. It was further concluded that such combination of mutual controls and legal competence at different levels, can ensure a high degree of independence of the whole electoral system, provided that the implementation level of the legal system also meets the highest standards.

Since the 2012 Assessment, nothing had changed in the legal framework pertaining to the independence of the CEC, and therefore the score remains the same.

INDEPENDENCE (PRACTICE)

To what extent does the CEC function independently in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment presented the procedure of the formation of the electoral triangle: the CEC, TECs and PECs. It was also observed that the 2012 local elections and national parliamentary elections confirmed the perceptions that commissions formed on a new basis were not independent in practice.

However, the chairman of the CEC, in his interview, mentioned that during all elections the CEC operated in an independent manner. Nevertheless, Mr Levon Barseghyan thinks that the structure of the CEC is such that it does not secure its independence as it is composed of representatives of public institutions. Meanwhile, the Human Rights Defender, in an ad hoc report on presidential elections in 2013, specifically noted that, “The elections were freer than before, but many people do not believe they were fair”. Moreover, while speaking about not properly addressing alleged violations, the Human Rights Defender mentioned that, “This lack of action allowed for the preservation of the society’s low level of trust towards the country’s electoral process”.⁴²⁰

According to Caucasus Barometer’s 2013 data, meanwhile, the percentage of those who consider the last national elections as not fair at all increased by 16 per cent: in 2011, the percentage was 33 per cent, in 2012 it dropped to 27 per cent and in 2013 it was 43 per cent.⁴²¹ This evidence does nothing to confirm the opinion of the chairman.

Taking into consideration the above, the score remains unchanged.

420 The RA Human Rights Defender, *Ad-Hoc Report on the RA Presidential Elections 2013* (2013), 1. www.ombuds.am/en/library/library/page/101/type/3.

421 CRRC Armenia, *Caucasus Barometer 2013*, 16.

TRANSPARENCY (LAW)

To what extent are there provisions in place to ensure that the public can obtain relevant information on the activities and decision-making processes of the CEC?

2012 score – 75

2014 score – 75

The 2012 Assessment assessed the transparency indicator of this pillar very positively. It was noted that the Electoral Code declares the principle of transparency and requires that all relevant information on election results, timetables and campaign funding must be available both to the media and on the official website of the CEC.

It was observed that the CEC was empowered to oversee the financial activities of parties, during campaign periods through its Oversight Audit Service, although the type of activities was not specified. Means paid from the accounts of the political parties are reflected in the declarations of the pre-election funds⁴²² of the parties and party-nominated candidates and are made public through posting these declarations on the CEC website or, as in the case of party-nominated majoritarian candidates at parliamentary elections or candidates for the heads or council membership at the local self-administration elections, through submitting them to journalists.

Another example of high-level of transparency which was noted is the requirement of the Electoral Code that during national elections the individual decisions of the CEC shall be posted on its website on the same day of their adoption.

Since the 2012 Assessment no amendments and alterations have been made to the legislative framework.

TRANSPARENCY (PRACTICE)

To what extent are reports and decisions of the CEC made public in practice?

2012 score – 75

2014 score – 75

The 2012 Assessment noted that the technical organisation of elections is conducted in a very transparent manner. Since then, perhaps this assertion has become even stronger. The chairman of the CEC provided examples of tabulation of voting results, availability on the website of the CEC data on the voters' registration, meetings with candidates and civil society representatives, open door days, and making available key information on the website. The OSCE/ODIHR EOM in this regard noted that:

“The CEC worked in an open and transparent manner, approving the main procedural rules, standard forms and instructions well in advance of election day, and making them available on its website”.⁴²³

422 According to Article 27 of the Electoral Code, the declarations on the pre-election funds shall contain the chronology and the size of the payments made to them, chronology and the size of the expenses made to acquire goods and services for campaign purposes, as well as information on the documents verifying those expenses, and funds not spent by the end of the campaign. All contracts on the purchase of goods and services shall be attached to the declarations (though it is not required to post them on CEC web-site).

423 OSCE/ODIHR, *Presidential Elections in Armenia*, 1.

The CEC made progress for this indicator and raised its level of transparency. However, the issue of transparency cannot be assessed independently from such an issue, as the level of public trust toward elections, and in this case, while acknowledging the progress of CEC in increasing the level of transparency there is still much to be done to make this increased level of transparency a reality in the eyes of the public.

ACCOUNTABILITY (LAW)

To what extent are there provisions in place to ensure that CEC has to report and be answerable for its actions?

2012 score – 75

2014 score – 75

The 2012 Assessment evaluated this indicator positively. It was noted that the Criminal Code and Administrative Delinquencies Code provide sufficient legal means for political parties and candidates to redress electoral irregularities committed by other candidates, parties, their proxies, observers and others involved in the electoral processes.

However, some shortcomings were also pointed out. For example, it was noted that although the statement of the chair of the CEC to the National Assembly must be presented within three months of the publication of the official results of national elections, there are no legal mechanisms in place that would oblige other state institutions to take action based on the statement. In other words, the statement of the chairman is not an act that directs immediate actions to be taken by other state institutions.

Since the 2012 Assessment, no amendments and alterations have been made in the legal framework concerning this indicator.

ACCOUNTABILITY (PRACTICE)

To what extent does the CEC to report and be answerable for their actions in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment noted that the CEC strictly follows the legal requirements on reporting and reports are available at the website of the CEC. It was also observed that the CEC regularly meets with representatives of media and observation missions. The most problematic issue was redressing electoral irregularities i.e. resolution of election-related disputes, due to incomplete knowledge of legislation on issues for which the commission bears responsibility.

The chairman of the CEC thinks that the issue was solved by introducing a provision in the Electoral Code, which requires commissions to conduct administrative proceedings based on the principles stipulated by the Law on Administrative Proceedings and the basics of administration. He noted that, of course there may be parties that were not satisfied with the results of dispute adjudications. However, all complaints were considered. He mentioned that the CEC issued special guide on the new system of

adjudication and conducted training for TEC members. At the same time, he mentioned that there were occasions when the requests were not properly formulated or were addressed to wrong commission, but that complaints were then directed to respective responsible commission.

However, the OSCE/ODIHR EOM Armenia 2013 noted:

“The manner in which election commissions and courts dealt with complaints often did not provide complainants with effective remedy, nor did it enhance public confidence in the impartiality of the election administration. This raises concerns about the commitment of the election administration and the courts to fulfil their legal obligations to ensure the protection of citizens’ electoral rights and to comply with paragraph 5.10 of the 1990 OSCE Copenhagen Document.”⁴²⁴

It can be said that the practice from a formalistic point of view has progressed, but as the findings of OSCE/ODIHR show, the legal acts are not being implemented in accordance with their spirit and purpose and still the remedies are not effective. In view of the above, the score is left unchanged.

INTEGRITY (LAW)

To what extent are there mechanisms in place to ensure the integrity of members of CEC?

2012 score – 75

2014 score – 75

The 2012 Assessment noted that the Electoral Code does not contain provisions related to the integrity of the members of the electoral commissions. However, this is partially compensated for by the fact that members of the CEC are considered as high-level public officials with all ensuing effects from it. The discussion on this was presented under the “executive” pillar of the previous report. Since the 2012 Assessment, no changes have been made in the legal framework concerning this indicator.

INTEGRITY (PRACTICE)

To what extent is the integrity of the CEC ensured in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment observed that there was no Code of Conduct for the members of the electoral commissions, but for the staff employees the Code of Conduct for Civil Servants was applicable. Also, it was observed that staff employees, as civil servants, sign contracts but that there was no such practice for them as signing declarations or swearing an oath. Besides, it was mentioned that there had been no hearings or investigations regarding CEC staff.

Since 2012, no serious developments have been observed. The 2013 OSCE/ODIHR EOM report on Armenia’s presidential elections has not revealed any serious violations by the CEC staff. For these reasons, the score remains the same.

⁴²⁴ Ibid., 18.

CAMPAIGN REGULATION (LAW AND PRACTICE)

Does the CEC effectively regulate candidate and political party finance?

2012 score – 50

2014 score – 50

There have not been any alterations and amendments to the legal framework since 2012 with regard to campaign regulation. During the national elections the CEC is required to periodically post the pre-election funds declarations of parties and candidates participating in the elections, on its website. It is also required from them to submit their declarations to the Oversight Audit Service, three times during the election period.

From the practice perspective, the 2012 Assessment thoroughly described the procedures and system of campaign regulation. It was observed that during the 2007 and 2008 elections, the Oversight and Audit Service of CEC was very weak in revealing violations and irregularities that took place in campaign expenditures, which was because of the lack of political will to expose the violations in campaign finance, as well as insufficient human, technical and financial capacities. It was also noted, that OSCE/ODIHR EOM observed violations regarding biased coverage that was not sanctioned, which points to a lack of substantial enforcement mechanisms of National Commission on TV and radio. During the 2013 presidential elections they observed that, “Party and campaign offices should not be located in buildings occupied or owned by state or local government bodies”.⁴²⁵

The Human Rights Defender of Armenia in his special report noted that:

“The election campaign was, in general, free and without significant obstacles which created positive preconditions for the equal competition of all candidates”.⁴²⁶

The score remains unchanged, because the existing evidence does not reveal substantial progress in regard to this indicator.

ELECTION ADMINISTRATION (LAW AND PRACTICE)

Does the CEC effectively oversee and administer free and fair elections and ensure the integrity of the electoral process?

2012 score – 75

2014 score – 50

The 2012 Assessment, while discussing all the relevant provisions from the Electoral Code, particularly noted that in general, the Electoral Code provides good legal grounds for conducting normal and fair elections, provided that there is genuine political will to conduct such elections. Since the 2012 Assessment, there have not been any changes to the legal framework pertaining to this indicator.

In terms of practice, it was noted that the most alarming problem of the 2012 parliamentary elections was inflated voter lists. It was noted that since the 2008 presidential elections, the number of

⁴²⁵ Ibid.

⁴²⁶ The RA Human Rights Defender, *Ad-Hoc Report on the RA Presidential Elections 2013*, 3.

registered voters increased by 170,000 while according to official statistical data more than 200,000 people had emigrated since 2008. It was also noted that the practice deviates from the Electoral Code substantially.⁴²⁷ Furthermore, the negative practice of vote buying did not disappear during the 2013 presidential elections:

“Observers noted several indications of vote buying and observed two cases directly⁴²⁸ [...] IEOM observers noted a number of serious violations on election day, including group voting and ballot boxes not properly sealed (5 per cent each), series of seemingly identical signatures on voter lists and proxy voting (3 per cent each) and multiple voting (2 per cent). IEOM observers also reported eight cases of indications of ballot box stuffing. In 7 per cent of polling stations observed, one or more voters were turned away, in most cases because their names were not on the voter list of that particular station. Observers noted several indications of vote buying and observed two cases directly.”⁴²⁹

Thus, unfortunately, since 2012, the bad practices such as vote buying and abuse of administrative resources are still a reality. Instances of vote buying, especially when there are visible indications of that, show insufficient oversight by the CEC.

HUMAN RIGHTS DEFENDER

Summary

The pillar of Human Rights Defender is the strongest pillar in Armenia’s National Integrity System. The main challenge is lack of sustainability in financial resources. However, this year, as is noted under the indicator of “Resources”, the institute of Human Rights Defender received enough resources from the state budget to implement its mission successfully.

The Human Rights Defender is quite courageous in performing its tasks, while resisting pressure from possible disproportional and bureaucratic critiques from other state institutions. The best evidence of this is the discussion of his annual reports in the parliament, which have been attacked by all factions, including opposition (for more about this please see in the indicator of “Independence” (Practice)).

Table of indicator scores

Human Rights Defender			
Overall Pillar Score: 80.5			
	Indicator	Law	Practice
Capacity 91.6	Resources	NA	75
	Independence	100	100
Governance 75	Transparency	75	75
	Accountability	75	75
	Integrity	75	75

427 OSCE/ODIHR, *Presidential Elections in Armenia*, 26.

428 Ibid., 21

429 Ibid.

Human Rights Defender		
Overall Pillar Score: 80.5		
	Indicator	Practice
Role 75	Investigation (Law and Practice)	75
	Promoting good practice	75

STRUCTURE AND ORGANISATION

The Human Rights Defender for Armenia is relatively new. It was instituted in 2004 and during these 10 years, already three Human Rights Defenders have had a chance to show their commitment to the protection of human rights.

The first Human Rights Defender, Ms Larisa Alaverdyan served for not quite two years (2004–2006). She served for a transitional period until the amendments and alterations in the Constitution were voted for at the national referendum. The second Human Rights Defender, Mr Armen Harutyunyan (2006–2011) served for five years. He voluntarily gave up his position to take the position of Special Representative of UN Secretary General in Central Asia. The incumbent Human Rights Defender, Mr Karen Andreasyan has been in place for three years.

The Human Rights Defender is elected by the National Assembly, for a period of six years by three fifths of MPs. The legal status of the Human Rights Defender in Armenia is quite strong. The Constitution provides immunity and independence.

RESOURCES (PRACTICE)

To what extent does the Human Rights Defender or its equivalent have adequate resources to achieve its goals in practice?

2012 score – N/A

2014 score – 75

The budget of the staff for 2014 is 219,379.7 AMD approximately US\$535,420. According to the representative of the staff of Human Rights Defender, Mr Aram Vardanyan, the budget of this year is unprecedented and is enough for the Human Rights Defender's Office to carry out its mission effectively.

Nevertheless, they can no longer afford to maintain three out of six regional offices, due to lack of funding. Previously, the budget granted by the state was not sufficient, and the Human Rights Defender's Office had to rely on international donors, which in his opinion, in some sense endangers the Human Rights Defender's independence. On the issue of personnel, Mr Vardanyan noted that the size of the current personnel is enough to carry out their mission at this stage. However, he noted that due to the huge volume of research, which is conducted by the personnel, it would be better to increase capacity.

An anonymous interviewee⁴³⁰ noted that the staff is composed of good professionals, who have the necessary skills and experience. This opinion was shared by Mr Vardanyan, who noted that the staff positions under the Human Rights Defender are such that they can gain the necessary experience within a few months. The peculiarity of the starting positions in the Human Rights Defender's staff is such that it does not overburden the new employees with huge level of responsibility. Mr Vardanyan also mentioned that there is room for staff development. The same opinion was shared by the anonymous interviewee.

On the issue of career development and training, Mr Vardanyan noted that there are real opportunities for career development in the staff of Human Rights Defender and presented his experience, as how he became the head of the legal analysis department, starting from the most junior position. The anonymous interviewee agreed with this opinion. As for training, he noted that for the first time, the budget has foreseen funds for training staff members. The Human Rights Defender's staff developed their own programme of training, which soon will be approved. The Human Rights Defender will contract an independent (non-public) entity to provide the training.

Although, the resources of Human Rights Defender seem to meet the necessary standards, the fact that three out of six regional offices are not being maintained, is a reason not to allocate the highest score for this pillar. Besides, the main problem is still connected with the lack of sustainability in terms of the finances of the Human Rights Defender.

INDEPENDENCE (LAW)

To what extent is the Human Rights Defender independent by law?

2012 score – N/A

2014 score – 100

The legal status of the Human Rights Defender is laid down by the Constitution. Article 83.1 stipulates that the Human Rights Defender is an independent official who implements the protection of human rights and freedoms by the state and local self-government bodies and their officials. The Human Rights Defender is independent from any institution.

The recruitment of the staff is not clearly regulated. Article 23.1 of the Law on Human Rights Defender stipulates that service in the staff of the Human Rights Defender is state service (except for technical assistance jobs), and employees are state servants. Part 2 of the Article stipulates that over the relations of state service in the staff of the Human Rights Defender, are being applied the provisions of the Law on Judicial Service, mutatis mutandis, provided that provisions do not contradict with the provisions of the Law on Human Rights Defender. Thus, to find the relevant requirements for the recruitment of the staff, one needs to look in the Law on Human Rights Defender, and depending on the results, then in the Law on Judicial Service. The Law on Human Rights Defender does not contain any requirements pertaining to recruitment based on clear professional criteria. Though, Article 23, Part 2 of the Law on Human Rights Defender stipulates that the state service in the staff of the Human Rights Defender, is a professional activity.

⁴³⁰ Interview of anonymous interviewee with the representative of TI AC, 23 June 2014.

Nevertheless, Article 12 of the Law on Judicial Service provides the criteria which a person must satisfy in order to get employment. Those criteria are: the person must satisfy the requirements specified in the terms of reference for the concrete position; be 18 years old; must have proper knowledge of Armenian; and be a citizen of Armenia. The key requirement here is satisfaction of the requirements specified in the terms of reference for the concrete position.

Article 10 of the Law on Judicial Service relates to the terms of reference of judicial service. Part 1 of the Article, while providing the definition of the terms of reference, inter alia, lists such requirements for specification as professional knowledge, capacities, and work skills necessary to occupy the position. According to the Part 2 of the Article, the terms of reference are confirmed by the Council of the Chairmen of the Courts and the The head of the judicial department has the duty to present the terms of reference . As was mentioned above, the Law on Judicial Service, for these matters, is exercised by analogy. At the same time, Part 3 of Article 23.1 of the Law on Human Rights Defender inter alia stipulates that the head of the Judicial Department is equal to the head of the staff of the Human Rights Defender, and the Council of the Chairmen of Courts is equal to the Human Rights Defender.

Therefore, by these analogies, it can be concluded that the terms of reference must be drafted by the head of the staff of the Human Rights Defender, and Human Rights Defender needs to confirm the terms of reference. Also, the terms of reference need to specify requirements pertaining to professional knowledge, capacities and work skills.

The issue of terms of reference of the head of staff remains controversial and unresolved by the legislation. By making analogies with the Article 14 of the Law on Judicial Service, it becomes clear that the head of the staff is appointed by the Human Rights Defender. But the issue of who must propose the candidacy of the head of staff and also who needs to draft the terms of reference for the office of the head of staff remains unclear and not regulated, by the Law on Human Rights Defender and the Law on Judicial Service. Also based on the analogies with Article 14 of the Law on Judicial Service, it can be claimed that the appointments for the chief positions of the staff, are made by the Human Rights Defender (as well discharge), while for other positions the power belongs to the head of the staff.

Article 4 of the Law on Human Rights Defender, specifically addresses the issue of limitations to be engaged in other activities. Part 2 of Article 4, stipulates that the Human Rights Defender cannot be member of any political party or to put in a candidacy in elections, or participate in campaigns. Part 3 of the Article stipulates that the Human Rights Defender is obliged to interrupt any activity which contradicts with the requirements of the Law on Human Rights Defender, no later than 14 days after taking the office of the Human Rights Defender. Part 1 of the Article stipulates that the Human Rights Defender cannot engage in entrepreneurial activities, occupy a position in state, municipal or trade companies, or perform other paid work, except for scientific, pedagogical and artistic activities. It must be noted also, that the Human Rights Defender is not considered a high level public official, within the meaning of the Law on Public Service.

Article 83.1 of the Constitution, stipulates that the National Assembly shall elect the Human Rights Defender for a period of six years by three fifths of MPs. It also stipulates that the Human Rights Defender shall be irremovable. Thus, the Human Rights Defender serves one more year than MPs. Neither the Constitution nor the Law on Human Rights Defender provide explicit provisions regarding the right of the Human Rights Defender to be re-elected. However, taking into consideration another provision of the Constitution, Part 2 of Article 5 it can be claimed that the Human Rights Defender

does not have right to be re-elected. Part 2 stipulates that state and local self-government bodies and public officials are competent to perform only such acts for which they are authorised by the Constitution or laws.

A combination of Article 24, Part 2.1 of the Law on Human Rights Defender and Article 20, Part 1 of the same law, leads to the conclusion that the salary of the Human Rights Defender equals to the salary of the president of the Constitutional Court.

Article 83.1, Part 6 of the Constitution stipulates that the Human Rights Defender shall be endowed with the immunity envisaged for MPs. Article 19 of the Law on Human Rights Defender regulates the issue of the immunity. The Human Rights Defender, during and after the term of his/her powers, may not be prosecuted and held liable for actions arising from his/her status, including the opinions expressed by him/her in the National Assembly, provided these are not insulting or defamatory. The Human Rights Defender may not be involved as an accused, detained or subjected to administrative liability through a judicial procedure without the consent of the National Assembly. The Human Rights Defender may not be arrested without the consent of the National Assembly except for cases when he/she is arrested when caught in the act. In such a case the speaker of the National Assembly shall be immediately notified.

Part 2, Article 6 of the Law on Human Rights Defender lists five grounds for early termination of powers of the Human Rights Defender. That grounds are: the guilty verdict of the court against the Human Rights Defender entered into legal force; the Human Rights Defender abandons the citizenship of Armenia or acquires citizenship of a foreign country; not later than 10 days after presenting resignation to the National Assembly, he repeats his resignation; the Human Rights Defender was recognised as disabled, a missing person or dead, by the judgment of the court which entered into legal force; the Human Rights Defender is deceased.

The Law on Human Rights Defender does not specify the grounds for dismissal from the office for Human Rights Defender's staff members. By analogy, this issue is regulated under Article 39 of the Law on Judicial Service. In addition to grounds stipulated under Labour Code, the judicial servants can be dismissed from office for gross violation of the Code of Conduct of the judicial servant; after receiving a negative evaluation; being subjected to a disciplinary fine twice during one year period and etc.

Article 5, Part 3 of the Law on Human Rights Defender specifically stipulates that the decisions adopted by the Human Rights Defender are not administrative acts and cannot be appealed. Part 2 of Article 5 stipulates that the Human Rights Defender is not obliged to provide explanations, including as a witness, about the essence of the document or complaint which are under his possession or to provide that documents for acquaintance in any manner, except for cases and in the manner prescribed by law.

Article 332¹ of the Criminal Code stipulates a fine in the amount of 200000 to 400000 AMD or arrest from one to three months, or imprisonment maximum for two years period for making obstacles in any manner, by a public official, for the Human Rights Defender to discharge his/her powers.

Taking into consideration the analysis, it can be claimed that the Human Rights Defender enjoys almost the highest level of independence, at least under the legal framework.

INDEPENDENCE (PRACTICE)

To what extent is the Human Rights Defender independent in practice?

2012 score – N/A

2014 score – 100

The incumbent Human Rights Defender, Mr Karen Andreyan, so far has shown a sufficient level of independence. However, during the political crisis lasting from 2008–2012, before parliamentary elections, he suggested mediation services to both the Armenian National Congress, which was the most influential political opposition force at that time, and the ruling coalition.⁴³¹ His offer was rejected. Both his annual reports, which were discussed in parliament, received attacks from both sides: the ruling party and opposition forces, which could be considered an indication of genuine independence.

Mr Vardanyan noted that the constitutional and legal guarantees provide sufficient grounds for the Human Rights Defender to be neutral in his/her activities, and that annual reports are of a high quality and unbiased. The Human Rights Defender, in his opinion, always reacts to painful questions. The anonymous interviewee also considers that the Human Rights Defender can be neutral and he is not aware of facts proving the opposite. He also is of the opinion that the Human Rights Defender has never been engaged in politics or any other activity prohibited by the legislation. This point was also shared with Mr Vardanyan.

Both interviewees also were of the opinion, that no chief officials in the staff had been discharged from their duties without proper legal justifications. On the issue of contacting the Human Rights Defender's Office without fear, the anonymous interviewee mentioned that he never heard that citizens were scared to do so. Mr Vardanyan, in this regard, mentioned that for such cases they have the right not to publicise the name of the applicant, and that they can guarantee that applicants would not face negative consequences.

An indirect piece of evidence of Human Rights Defender's high level of independence is the active involvement in such issues as protecting journalists or civic activists. In this regard, the Bertelsmann Transformation Index 2014 report on Armenia noted:

“One exception has been the institution of the human rights Human Rights Defender, which has actively challenged the state's lack of protection and even violation of civil liberties.”⁴³²

In the same place, it was mentioned:

“The human rights Human Rights Defender has actively challenged the state's lack of protection for journalists, and even its violations of civil liberties and free expression.”⁴³³

The recommendations and statements of Human Rights Defender can also be used as indicators of independence. For example in a 2012 report, the Human Rights Defender stated that the police continues to subject individuals to cruel, inhuman and humiliating treatment to get confessions.⁴³⁴ In another example, the Human Rights Defender reported that the government continued to conscript

431 See: www.azatutyun.am/archive/news/20101217/2031/2031.html?id=9504540 [Accessed 24 June 2014].

432 Bertelsmann Stiftung, *BTI 2014*, 9.

433 Ibid.

434 US State Department, *Armenia Human Rights Report 2013*, 5. www.state.gov/documents/organization/220461.pdf.

soldiers with serious health conditions that should have disqualified them from service.⁴³⁵

In addition, within the framework of Universal Periodic Review of the UN, the Human Rights Defender showed a clear independent stance from the government in its findings and positions. For example:

“The Human Rights Defender informed the Government that there has to be strong commitment from the latter in order to keep the regional offices running due to the fact that the financial support from the international donors will be over at the end of the year 2013. As of now there has been an oral agreement that the Government will finance the work of three regional offices. Nevertheless, there has been no real commitment from the Government.”⁴³⁶

TRANSPARENCY (LAW)

To what extent are there provisions in place to ensure that the public can obtain relevant information on the activities and decision-making processes of the Human Rights Defender?

2012 score – N/A

2014 score – 75

Article 14 of the Law on Human Rights Defender foresees that complaints or issues under discussion are not subject to publication until the adoption of final decisions by the Human Rights Defender. During the period of studying the complaint, the Human Rights Defender does not have the right to publicise data on the applicant or other persons, without their written agreement.

According to Article 17 during the first quarter of each year, the Human Rights Defender should publish an annual report, which must be circulated to the media and relevant NGOs. The Human Rights Defender can also make extraordinary public reports. Part 6 of Article 15 stipulates that the Human Rights Defender can publish information on state or municipal institutions or officials that have not performed their tasks or performed them partially, along with answers received by the institutions or officials, provided that all possibilities to solve the problem have been explored and timeframes have lapsed.

The budget of the Human Rights Defender is open and public, as for other public institutions. Human Rights Defender and senior staff are not considered high-level public officials and thus are not obliged to declare their assets.

Article 26 provides for the establishment of an Experts Council, composed of those who have necessary knowledge in the field of human rights and fundamental freedoms. The mission of this Council is to provide advisory assistance to the Human Rights Defender. Its establishment is not mandatory; rather it is left to the discretion of the Human Rights Defender. The Human Rights Defender decides whom to invite to become member of the Council. There is a maximum of 20 members and no member receives remuneration for their participation in the Council.

The transparency of the Human Rights Defender has not achieved maximum points, because of the absence of the requirement to publish declarations on income and assets. It can be claimed that by not requiring from the Human Rights Defender to declare his income and assets, the independence

435 Ibid., 6

436 The Universal Periodic Review (UPR), *Armenia Mid-term implementation Assessment* (UPR Info, 2011), 148. www.upr-info.org/sites/default/files/document/armenia/session_08_-_may_2010/mia-armenia.pdf.

of the Human Rights Defender is being enhanced. However, that argument does not win the dispute, because judges, who also need to have the highest guarantees of independence, are required to publish their declarations.

TRANSPARENCY (PRACTICE)

To what extent is there transparency in the activities and decision-making processes of the Human Rights Defender in practice?

2012 score – N/A

2014 score – 75

The Human Rights Defender has an official website www.ombuds.am. It is well structured, but badly operated. For example, there are pages for statistics and reports that remain blank. However, the annual reports of the Human Rights Defender are quite comprehensive and also include statistics.

The Human Rights Defender involves the public in activities and both interviewees noted that the media actively reports on the operations of Human Rights Defender. The anonymous interviewee, regarding the councils adjacent to Human Rights Defender, noted that NGOs can apply to Human Rights Defender, and if there are common interests then cooperation takes place. About this issue, Mr Vardanyan noted that the Human Rights Defender does not have any problem approaching NGOs that have expertise in a concrete field to suggest cooperation. Mr Vardanyan also noted that they actively disseminate information from their page at Facebook and try to keep their website up to date. In addition he stressed that the information and reactions of Human Rights Defender are more rapidly disseminated due to a simplification of overly legalistic language for the media.

The Human Rights Defender is not required to declare assets and declarations. The score granted for this indicator is conditional, because in spite of not having well-functioning website and not declaring assets and income, the Human Rights Defender in reality is one of the most transparent institutions in Armenia.

ACCOUNTABILITY (LAW)

To what extent are there provisions in place to ensure that the Human Rights Defender has to report and be answerable for its actions?

2012 score – N/A

2014 score – 75

The Constitution declares Human Rights Defender independent. Moreover, article 5, Part 1 Article of the Law on Human Rights Defender specifically prescribes that the Human Rights Defender is not subjected to any state or municipal body or official. It can be said that the Human Rights Defender enjoys absolute independence.

The Law on Public Service is also applicable to the staff of the Human Rights Defender.⁴³⁷ Thus they are considered as public servants, and analysis contained both in this update and the 2012 Assessment, applies to them.

⁴³⁷ RA Law on Public Service, Article 2, Part 1, Point 16.

The Law on Public Service contains whistleblowing provisions, which were thoroughly discussed in the 2012 Assessment. It particularly observed that Article 22 of the Law on Public Service provides that while performing his/her job duties, a public servant shall inform the relevant public officials in a manner prescribed by law about the violations and illegal actions, including corruption-related offences, committed by his/her colleagues. If the response that he/she receives from those officials does not satisfy him/her, then he/she can inform about that in a written form to the head of the corresponding state body or other competent state bodies. The latter shall guarantee the security of the informer (whistleblower). The procedures of informing and guaranteeing the security of the informer(s) shall be developed by the government.

Considering the Armenian reality with a long record of negative public perception towards whistleblowing (stemming from its excessive and politically-motivated use during Stalinist era, as well as the authoritarian style of management in state bodies), potential deficiencies containing in this Article that could hinder its effective implementation is the obligation for the whistleblower to inform about the illegalities first to the relevant public officials and then to higher-ranking officials or competent bodies.

Taking into consideration abovementioned, it can be said that the accountability of the Human Rights Defender is rather well regulated.

ACCOUNTABILITY (PRACTICE)

To what extent does the Human Rights Defender have to report and be answerable for its actions in practice?

2012 score – N/A

2014 score – 75

Regarding the submission of annual and extraordinary public reports, discussed in the indicator of transparency, there is little discussion of the reports in the National Assembly and it is not obliged to adopt any kind of decision as a result of the presentation. The annual reports are published on the website of the Human Rights Defender and are quite detailed and comprehensive.

Mr Vardanyan noted that all members of the staff realise their level of responsibility and realise that for their actions it is Human Rights Defender who is accountable. He also noted that there was no single case when the annual reports were not submitted in due time. As for whistleblowing he mentioned that unfortunately this practice is not highly developed in Armenia, but at the same time he noted its importance.

It was observed that the Human Rights Defender has the right to apply to the Administrative Court and Constitutional Court, but the Administrative Court is not applied to because it is not considered to be effective. In 2012 they lodged six applications in the Constitutional Court, and in 2013 they lodged seven. This is the highest number of applications submitted by the state bodies. The level of positive decisions for the Human Rights Defender is low, but Mr Vardanyan noted that while on many occasions Constitutional Court finds that the issue raised is acute and correct, it does not necessarily constitute a violation of the Constitution.

INTEGRITY MECHANISMS (LAW)

To what extent are there provisions in place to ensure the integrity of the Human Rights Defender?

2012 score – N/A

2014 score – 75

Article 4 of the Law on Human Rights Defender specifically addresses the issue of limitations on engagement in other activities. Part 2, Article 4, stipulates that the Human Rights Defender cannot be member of any political party, be a candidate in elections, or participate in campaigns. Part 3 stipulates that the Human Rights Defender is obliged to interrupt any activities that contradict the requirements of the Law on Human Rights Defender, no later than 14 days after taking the office of the Human Rights Defender. Moreover, Part 1 stipulates that the Human Rights Defender cannot be engaged in entrepreneurial activities, occupy a position in state, municipal or trade companies, or perform other paid work, except for scientific, pedagogical and artistic activities. Despite this, the Human Rights Defender is not considered a high-level public official within the meaning of the Law on Public Service, and hence does not provide declarations on assets and income.

Part 3, Article 9 of the Law on Human Rights Defender, requires the Human Rights Defender to record even the verbal complaints, individually or with the assistance of the staff. In addition, regarding anonymous complaints, Article 11 leaves to the discretion of the Human Rights Defender to consider the complaint or not. Nevertheless, Article 11 and Article 12 regulate the process of receiving and studying complaints, and Article 15 stipulates the types of decisions which Human Rights Defender can adopt.

This indicator is not being scored with the maximum because the Human Rights Defender does not have a duty to provide asset declarations.

INTEGRITY MECHANISMS (PRACTICE)

To what extent is the integrity of the Human Rights Defender ensured in practice?

2012 score – N/A

2014 score – 75

So far there is no indication of the Human Rights Defender's involvement in any sanctioned activity. Mr Vardanyan noted that there is no Code of Ethics, but one will be developed in the near future. However, with full confidence he stated that there had never been a breach of the Code of Conduct by the staff. He particularly stressed that it is impossible to work in the staff of the Human Rights Defender, if you are not friendly and are not sensitive to the feelings of others. He also, noted that they did not have any specific training on the topics of integrity or ethics.

As there has not been any media discovery of any breach of integrity, and due to the positive perception of the Human Rights Defender by the public, there is a high score for integrity of 75.

INVESTIGATION (LAW AND PRACTICE)

To what extent is the Human Rights Defender active and effective in dealing with complaints from the public?

2012 score – N/A

2014 score – 75

Article 9 of the Law on Human Rights Defender prescribes the form, content and the manner of submission of complaints. Part 3 stipulates that complaints can be lodged in written or verbal forms. For both versions, the information that the complainant provides includes their name, address and the information regarding violation of rights. For complainants who lodge their complaints from detention places, their complaints shall be delivered within 24 hours. Complaints shall not be subject to any scrutiny or censorship.

In addition, Part 4, Article 11 stipulates that the Human Rights Defender has the right to initiate the discussion on an issue, particularly in cases where the violation of rights are massive; the issue has particular interest for the society; and the issue is connected with the need to protect rights of people who are unable to use their legal remedies.

It is possible to use the Human Rights Defender's hot line and website for lodging complaints. The Human Rights Defender, until recently had regional offices in six regions out of 10, but now the funding from the state budget is granted to keep only three regional offices.

During 2013 the Human Rights Defender's office provided legal services to 6,805 people,⁴³⁸ received 4,609⁴³⁹ complaints and took into proceedings 1,090 complaints and 273 received positive resolution. The staff provided 2,747 legal consultations. The Human Rights Defender made 61 decisions on the violation of human rights and made 112 legislative suggestions, 51 per cent of which were accepted.⁴⁴⁰ The Human Rights Defender lodged seven applications with the Constitutional Court.

The Human Rights Defender is proactive and has produced four extraordinary reports: on the 2013 presidential elections; on the right to fair trial; on the rights of disabled persons; and on the rights of children.⁴⁴¹ The Bertelsmann Stiftung noted:

“The human rights Human Rights Defender has actively challenged the state's lack of protection for journalists, and even its violations of civil liberties and free expression.”⁴⁴²

Mr Vardanyan noted that they do not take a formalistic-bureaucratic approach, and on many occasions do not wait for official complaints before initiating proceedings. However, they do not frequently do research on their own initiative, because of their large workload.

Both Mr Vardanyan and the anonymous interviewee agreed that it is quite easy to lodge complaints. As about lodging complaints with the Human Rights Defender, he noted that it is quite easy. This latter point was shared by the anonymous interviewee too.

438 Ibid., 7

439 Ibid., 21

440 RA Human Rights Defender, *Annual Report: On the Activities of the RA Human Rights Defender*, 4.

441 Ibid., 6

442 Bertelsmann Stiftung, *BTI 2014*.

Mr Vardanyan noted that in his opinion the public perception of the Human Rights Defender is rather positive. The Human Rights Defender has the support of civil society, active human rights defenders who have a sense of ownership over the decisions and actions of the Human Rights Defender. In the opinion of Mr Vardanyan that makes their work more effective and efficient. The anonymous interviewee, on the other hand, considered that the perception is rather negative and will remain negative so long as violations of human rights are present in the country. However, at the same time he noted that it is impossible for the Human Rights Defender to deal with all the questions and issues.

According to Caucasus Barometer 2013, overall 31 per cent of respondents trust the Human Rights Defender while 30 per cent somewhat trust. This suggests that the Human Rights Defender is better trusted than institutions such as banks, the police, the president, the executive, and the judiciary.⁴⁴³

Mr Vardanyan noted that soon there will be a project with TV companies with the aim of increasing the knowledge of human rights and activities aimed at the protection of human rights, including the work of the Human Rights Defender. The anonymous interviewee noted that recently there was a social advertisement broadcast on TV on the various ways and on which subjects the Human Rights Defender can be contacted.

PROMOTING GOOD PRACTICE (LAW AND PRACTICE)

To what extent is the Human Rights Defender active and effective in raising awareness within the government and the public about standards of ethical behaviour?

2012 score – N/A

2014 score – 75

According to Article 2 of the Law on Human Rights Defender, all state and municipal bodies and their officials are subject to the jurisdiction of the Human Rights Defender. The same is mentioned in the Article 83.1 of the Constitution.

Mr Vardanyan noted that to ensure that their reports are comprehensive, after forming an opinion, they send queries to state bodies and ask specific questions for follow up. After receiving answers they analyse them and then write and publish reports. Mr Vardanyan mentioned, that in the past state bodies had given vague answers, but since 2013, the head of the staff of the government was collecting all responses and opinions of state bodies and providing these to the Human Rights Defender.

Mr Vardanyan noted that among the public they still have work to do to raise awareness, as for example through the TV programmes he mentioned. As among state officials, he mentioned that when they see violations in an institution or by an official, they first offer advice, but if this does not prove effective, then they begin proceedings towards a decision on a violation.

He also noted that the main problem in the operation of Human Rights Defender is the lack of state will. The decisions are advisory rather than binding, and some state officials do not substantiate their decisions with evidence. He also thinks that they are active in publishing materials on good governance. On the issue of monitoring of implementation of recommendations and detections, he noted that the follow-up is quite strong in the Human Rights Defender's Office, and they regularly make follow-up activities.

⁴⁴³ CRRC Armenia, *Caucasus Barometer 2013*, 8.

CHAMBER OF CONTROL

Summary

Since the 2012 Assessment no significant changes were observed. It was particularly observed that compared with other public institutions, the Chamber of Control can be considered more independent and transparent. It was noted that from the point of view of accountability, the reports of the Chamber are quite well developed.

However, the 2012 report of the Chamber of Control, which was presented to the parliament in 2013, highlighted serious violations in the fields of public procurement and construction and caused disputes and debates between the head of the Chamber and the executive. After several debates in parliament, the president intervened in favour of the executive during consultations, which he organised.⁴⁴⁴ The subsequent developments came to indicate that the Chamber cannot be considered absolutely independent. Nevertheless, this remains one of the strongest pillars of the Armenia's integrity system.

Table of indicator scores

Chamber of Control			
Overall Pillar Score: 69.4			
	Indicator	Law	Practice
Capacity 58.3	Resources	NA	50
	Independence	75	50
Governance 75	Transparency	100	75
	Integrity mechanisms	75	75
	Effective financial audits	50	75
Role 75	Effective financial audits		NA
	Detecting and sanctioning misbehaviour		75
	Improving financial management		NA

STRUCTURE AND ORGANISATION

The supreme audit institution of Armenia is the Chamber of Control of Armenia. It was established on 29 May 1996 with the passage of the Law on the Chamber of Control of the National Assembly of the Republic of Armenia, as a new system of state financial oversight.⁴⁴⁵ Initially, it was under the National Assembly of Armenia, and so it was not an independent body. As a result of the introduction of amendments and changes in the Constitution, passed by the 27 November 2005 referendum it became an independent body.

⁴⁴⁴ See: www.president.am/hy/press-release/item/2013/06/29/President-Serzh-Sargsyan-had-a-meeting/ [Accessed June 20].

⁴⁴⁵ Bulletin of the National Assembly of the Republic of Armenia 1996/12.

The new status of Chamber of Control necessitated the development and passage of a new Law on Chamber of Control, which would introduce legal safeguards for its independence. The new Law was adopted on 25 December 2006, and entered into effect on 7 June 2007. It is the main legal act, regulating the activities of Chamber of Control.⁴⁴⁶ Together with the introduction of new provisions ensuring its independence (see more on that in the discussion in the “Independence” (Law) indicator of this chapter), it also introduced several other important provisions, which are in line with international legal practice related to supreme audit institutions. In particular, the Chamber of Control can now conduct extracurricular audits and new (for Armenia) types of audits, such as environmental or efficiency audits.

The Chamber of Control structure includes its chair who is appointed by the NA upon the nomination of the president (see more on this below), board and staff. The board is the highest governing body of the Chamber of Control and consists of seven members, including the chair, the deputy, who replaces the chair during any absence or in when the chair is unable to perform his/her functions, and five members. All members of the board, except the chair, are appointed by the president for a six-year term.

The Chamber of Control staff is in 14 departments. Of these, 11 are numbered: first department, second department, etc. These conduct audits of particular state bodies. For example, the first department audits the Ministry of Finance, Ministry of Economy and State Revenue Committee. The third department audits the community budgets, including subsidies and subventions, which they receive from state budget, as well as the use of community property. The eleventh department is responsible for the internal audit of the Chamber of Control. In addition to these 11 departments there are three other departments: the department of methodology, information technologies and international relations, the department of analysis and the legal department.

RESOURCES (PRACTICE)

To what extent does the audit institution have adequate resources to achieve its goals in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment quoted the president of the Chamber of Control who mentioned that the Chamber has capable employees. He also mentioned that the Chamber always works on raising the qualifications of its employees. The screening of information available on the website of the Chamber, revealed that five heads of departments have PhD degrees. The budget of the Chamber of Control for 2012 was 859. 414,3 AMD (equivalent to almost US\$2,097,000) and in 2014 it was increased to 955,206.2 AMD (equivalent to almost US\$2,331,000), which is an increase of 11 per cent.

Mr Karen Arustamyan, head of the International Department of the Staff of the Chamber, was interviewed by TI AC.⁴⁴⁷ According to him the improvement of the Chamber of Control’s financial, human and material-technical resources is an issue of high importance. In other words, still there is space to increase resources, which would raise the efficiency of oversight. Regarding the training

⁴⁴⁶ RA Official Bulletin 2007/3(527), 12 January 2007.

⁴⁴⁷ Interview of the head of the International Department of the Staff of the Chamber, Karen Arustamyan, with the representative of the TI AC, 3 July 2014.

of staff, Mr Arustamyan observed that all members of the staff are civil servants, and accordingly all the staff of the Chamber of Control undergo training once every three years (one third of the staff each year). However, despite the high quality of this training it is not needs-based for the Chamber of Control. They have opportunities to provide specialised training for the staff. Nevertheless, if specialised training were provided fully, then the staff would be “over-trained” and would not have time to work.

Based on the above, it seems there are no compelling reasons and evidence to change the 2012 score.

INDEPENDENCE (LAW)

To what extent is there formal operational independence of the audit institution?

2012 score – 75

2014 score – 75

The 2012 Assessment described the legislative framework relating to the independence of the Chamber of Control as providing sufficient grounds for its independence. The grounds for such conclusion were that Chamber of Control organisationally does not belong to legislature or executive, the Chamber of Control itself decides which entities shall be audited, it can audit any public institution and it also decides the form and the content of its reports.

Since the 2012 Assessment, no changes have been made in the legislation pertaining to the independence of the Chamber of Control.

INDEPENDENCE (PRACTICE)

To what extent is the audit institution free from external interference in the performance of its work in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment quoted the Bertelsmann Transformation Index, which noted that in 2010 the president ordered the president of Chamber of Control “to work more actively” with law enforcement to prosecute state officials suspected of embezzling public funds or of engaging in other corrupt practices. Also, the president directed the head of the body, Ishkhan Zakarian, to ensure the Chamber was able to “resist pressure” from corrupt officials. In addition, it was mentioned that during 2011 no scandalous dismissals or conflicts of interest among staff members or the Council of the Chamber were reported.

Since 2012, the most intriguing moment regarding the independence of the Chamber of Control, was in June 2013, when a consultation invited by the president, as discussed in the pillar of the executive, under the indicator of “Accountability” (Practice). The president, while recognising the role and importance of the Chamber of Control, also showed his disappointment with the behaviour of the president of the Chamber, especially noting that he does not have the right to say that he is

disappointed with this or that body. The president especially noted that Mr Ishkan Zakaryan, “Must understand, that nobody is interested in his opinion”.⁴⁴⁸ While the operation and findings of the Chamber since 2012 were quite important and seemed to indicate that the Chamber enjoys sufficient level of independence, the speech of the president and successive loyal behaviour of the head of the Chamber, suggests that still Chamber does not enjoy high level of independence. During 2013, the head of the staff resigned voluntarily. In response to TIAC’s official query,⁴⁴⁹ the Chamber mentioned that resignation was voluntarily and because of the age.

Mr Arustamyan mentioned that he does not remember any incident when the NA would intervene in the Chamber of Control’s affairs. The president and the government can make suggestions. During the last three years, cooperation with the institute of the president resulted in changing the philosophy of mandate of the Chamber of Control. Now, the Chamber of Control is more proactive and takes preventive measures.

The observed evidence and dynamics of the Chamber of Control’s operation since the 2012 shows that it was on the way to achieving independence. However, the loyal approach of Chamber towards the critique by the president shows that it enjoys independence only within the limits drawn by higher authorities in the country, especially the president. For these reasons, the score remains unchanged.

TRANSPARENCY (LAW)

To what extent are there provisions in place to ensure that the public can obtain relevant information on the relevant activities and decisions by the SAI?

2012 score – 100

2014 score – 100

The 2012 Assessment mentioned that overall, the legal regulations require making public all documents, which the Chamber of Control prepares on the results of its audit. It was also noted that the legal aspect of Chamber of Control transparency is enhanced through such provisions, which give the right to MPs to participate at Chamber of Control board meetings and the requirement that not later than three days prior to the board meeting the Chamber of Control chair shall inform the NA chair, deputy chairs, standing committees, factions and groups about the date, time and agenda of the meeting.

Since the 2012 Assessment, no changes have been made in the legal framework relating to the transparency of the Chamber of Control.

TRANSPARENCY (PRACTICE)

To what extent is there transparency in the activities and decisions of the audit institution in practice?

2012 score – 75

2014 score – 75

448 See: <http://president.am/hy/press-release/item/2013/06/29/President-Serzh-Sargsyan-had-a-meeting/> [Accessed 20 June 2014].

449 Response of RA Control Chamber to TIAC’s official query, 14 April 2014.

The 2012 Assessment noted that the programmes, annual reports and current reports are posted on the website of the Chamber of Control. However, regarding the timely publishing, it was noted that for example annual report for 2011 had still not been published on 25 March 2012.

Since 2012 the level of transparency has remained largely the same. The Committee to Protect Freedom of Expression, included the website of the Chamber of Control in its monitoring. The monitoring for the 2013 granted 30.97 per cent for the website, in terms of its transparency.⁴⁵⁰ Mr Arustumyan noted that this is the field in which the Chamber of Control registered the best success. They never breached the legal requirements on publishing reports and other documents, which are required. In addition, the official website is regularly updated, although there were times when it was shut down, due to hacker attacks of Azerbaijani hackers.

Nevertheless, one problem observed during the period since 2012 was the failure to post the feedback received by state institutions, which were subjected to audit by the Chamber of Control.

For this reason, still it is impossible to grant the maximum score and the score remains untouched.

ACCOUNTABILITY (LAW)

To what extent are there provisions in place to ensure that the SAI has to report and be answerable for its actions?

2012 score – 75

2014 score – 75

The 2012 Assessment described the procedures and contents of reporting by the Chamber of Control. A shortcoming that was observed relates to the auditing of Chamber of Control itself. The Law on the Chamber of Control stipulates that the financial performance of the Chamber of Control shall be audited by an independent auditing company, which shall be selected by the board of the Chamber of Control. However, the Law does not provide mechanisms for the selection of the auditing company.

Since the 2012 Assessment no changes have been made in the legal framework concerning the accountability of the Chamber of Control.

ACCOUNTABILITY (PRACTICE)

To what extent does the SAI have to report and be answerable for its actions in practice?

2012 score – 75

2014 score – 75

The 2012 Assessment noted that the annual reports of the Chamber of Control are fairly detailed and comprehensive and drafted without unnecessary professional language, and that independent audits were taking place and its reports were published on the Chamber of Control's website. No progress was registered since 2012, which would provide for the maximum score. For these reasons, the score remains unchanged.

⁴⁵⁰ Committee to Protect Freedom of Expression, *Access to Official Information and Open Governance*, 5.

INTEGRITY MECHANISMS (LAW)

To what extent are there mechanisms in place to ensure the integrity of the audit institution?

2012 score – 50

2014 score – 50

The 2012 Assessment mentioned that as high-level public officials, members of the board of the Chamber of Control are subject the Law on Public Service.

Since the 2012 Assessment the only relevant changes in the legal framework concern the Law on Public Service, about which please refer to the discussion of the updates on the legislature and executive pillars. Besides this no changes have been made in the legislation concerning this indicator.

INTEGRITY MECHANISMS (PRACTICE)

To what extent is the integrity of the audit institution ensured in practice?

2012 score – N/A

2014 score – 75

The 2012 Assessment noted that the Ethics Commission for High-Level Public Official was formed recently, and the members of the Council of the Chambers of Control were considered as high-level public officials. It was noted that it was too early to make evaluation on whether the integrity was ensured or not.

Since 2012, no indications on breaching integrity rules among the members of the Chamber were noted. Moreover, no such incidents were widely reported by the media. It therefore appears that the integrity of the Chamber of Control's members and employees is high enough. In response to TIAC's official query,⁴⁵¹ the Chamber of Control noted that during 2013 it had not received complaints lodged against its employees. At the same time, it was noted that during 2013 the employees did not receive training on ethics and integrity.

Mr Arustamyan noted that they have not registered any case of violations of ethics rules. Nevertheless, he noted that in addition to the ethics rules applicable for civil servants they require their staff to follow additional ethics rules, which are of international nature. In this regard, he noted that there is need to provide more regulatory independence to the Chamber of Control, in order that it has the right to directly employ its staff.

DETECTING AND SANCTIONING MISBEHAVIOUR

Does the audit institution detect and investigate misbehaviour of public officeholders?

2012 score – 75

2014 score – 75

The 2012 Assessment mentioned that the Law on the Chamber of Control provides the necessary

⁴⁵¹ Response of RA Control Chamber to TIAC's official query, 14 April 2014.

tools and mechanisms to apply in its oversight to identify misbehaviour, but it does not have the authority to investigate misbehaviour revealed by audits. Instead, it shall send the protocols and current reports, prepared during the audit, to the Office of the Prosecutor General, if there are suspicions that there have been violations of a criminal nature.

Since the 2012 Assessment no changes have been made in the legal framework concerning this indicator.

POLITICAL PARTIES

Summary

Since the 2012 Assessment the legal framework for political parties' operation has remained intact. As the previous assessment showed, the legal framework is very liberal, which results in weak accountability. Besides, as was the case during the 2012 Assessment the leaders of political parties were viewed as synonymous with political parties.

In the practical field, the only notable progress was observed in relation to the indicator of "Interest aggregation and representation", while the scores for other indicators remained the same. The civic initiative "*Dem em*" (I am against), initiated in the winter of 2014, became a catalyst for the major parliamentary opposition political parties to organise and represent the interests of the youth. The initiative is about the opposition of the population to the new system of cumulative pensions.⁴⁵² There were four parliamentary opposition parties united to support the initiative. They lodged an appeal with the Constitutional Court challenging the constitutionality of the provision of the Law on Cumulative Pensions.

Nevertheless, according to the data of Caucasus Barometer 2013, only two per cent of respondents fully trust political parties, and another 8 per cent are prone to trust rather than not to.⁴⁵³ This data suggests that the political parties are the least trusted institution in Armenia.

Table of indicator scores

Political parties			
Overall Pillar Score:57			
	Indicator	Law	Practice
Capacity 62.5	Resources	75	50
	Independence	75	50
Governance 58.3	Transparency	75	50
	Accountability	50	50
	Integrity	100	25
Role 50	Interest aggregation and representation		50
	Anti-corruption commitment		50

452 Asatryan, "The Political Economy of Pension Reform in Armenia", 2-5.

453 CRRCA Armenia, *Caucasus Barometer*, 18.

STRUCTURE AND ORGANISATION

The current multi-party system in Armenia, which replaced the old, Soviet period one-party totalitarian system, was established in 1991 by the first (since Armenia lost its independence in December 1920) non-Communist government, who came to power as a result of the May 1990 parliamentary elections. The legal basis for the functioning of that system was initially the Law on Social-Political Organisations,⁴⁵⁴ which was adopted on 26 February 1991 by the Supreme Council of Armenia (the former name of the Armenian parliament). On 3 July 2002 the Armenian National Assembly (the name of the Armenian parliament since 1995, after the adoption of the Constitution) passed the Law on Parties,⁴⁵⁵ which entered into effect on 15 November 2002 and is the major legal document regulating the operations of parties.

The most recent information on the number of political parties in Armenia, which is publicly available is that there are 70 political parties.⁴⁵⁶ The ideologies of these parties range from communist to ultraliberal, and, in general, the spectrum of ideologies is very inclusive. Among these parties there are no regional parties and the headquarters of all parties are located in Yerevan, the capital city.

The Law on Parties requires parties to have a charter and programme. The highest authority of the party is its congress (conference, general meeting, etc.). The congress should be held at least once every two years and the congress elects its permanent governing body (board) for the period between the consecutive congresses. The parties have their local organisations in regions. The establishment of local organisations in enterprises, state and local self-administration bodies, etc. (i.e. on non-territorial basis) is forbidden.

Certain categories of public officials cannot be members of parties. Those are judges, prosecutors, law enforcement officers (police, national security service, etc.) and servicemen in the army and other types of military units (for example, police troops). All other public officials are prohibited to use their position to promote their parties' interests.

A political party is the only public association that can participate in the national and local self-government elections, by proposing candidates for seats in the elective bodies or for president.

The property of the parties is generated through the following means: a) lump sum paid for becoming member (entrance fees) if it is stipulated by the charter of the party; b) membership fees, if it is stipulated under the charter of the party; c) donations; d) financing from the state budget; e) from other sources not prohibited by the law.⁴⁵⁷

There are certain types of donations that are forbidden. Those donations are: a) donations from benevolent or religious organisations, as well organisations with participation of the latter two; b) state and community budgets and (or) off-budget means; c) state and community not for trade organisations and from trade organisations with participation of state or community; d) from legal persons which were registered six months prior to the day when the donation was made; e) foreign states, citizens and legal persons, as well from legal persons with foreign participation, provided that foreign participant's stocks, share, in the charter capital of the given legal person is more than 30 per cent; f) international organisations and international public movements; g) stateless persons; h) anonymous persons.⁴⁵⁸

454 Bulletin of the Supreme Council of the Republic of Armenia, 1991/4.

455 Official Bulletin 2002/34(209), 15 August 2002.

456 See: <http://news.am/eng/reviews/3097.html> [Accessed 22 June 2014].

457 RA Law on Parties, Article 25.

458 Ibid.

The same article considers works and provided services as donations too. The general amount of the donations during one year period shall not exceed a million times the minimum wage, including from a trade organisation 10,000 times more than the minimum wage, from a non-trade organisation 1,000 more than the minimum wage, and from a natural person 10,000 times more than the minimum wage. In such cases the party shall, during the two-week period after receipt, either the whole donation or the part of the donation that exceeds the allowed amount, return and if it is not possible then it should be transferred to state budget. Failure to do so entails administrative responsibility, as stipulated under Article 189.16 of the Code on Administrative Delinquencies, in the amount of fine equal to 100–150 times of the minimum wage. If the same delinquency is repeated during one month after the imposition of the fine, then the new fine will be imposed equal to 200–250 times of the minimum wage.⁴⁵⁹

As for the forbidden sources of donations, the same Article is applicable here too. However, the Law on Parties prescribes diverse procedures and not a common one for the all types of forbidden donations. More particularly: a) in the case of receiving donation from benevolent or religious organisations (or organisations with their participation), legal persons registered six months prior to making the donation and donations received from stateless people, the party shall during a two-week period shall return the whole donation or where that is impossible, the party shall transfer it to state budget; b) for the remaining types of forbidden donations the party shall only transfer the received donation to the state budget, in the course of a two-week period.⁴⁶⁰ It must be noted that all types of the mentioned fines shall be exercised toward respective official(s) of the party.⁴⁶¹

The problem here is that works and services are also considered as donations and there is no set mechanism in the law for the calculation of performed work and provided services. It is plausible to have such a mechanism stipulated in the law, because the terms and procedures for the exercise and protection of the rights by natural persons and legal entities and restrictions on the rights and freedoms of natural persons and legal entities, their obligations, as well as forms, extent and procedure for liability thereof, means of compulsion and the procedure for such, types, amounts and procedures for the payment of taxes, duties and other binding fees paid by natural persons and legal entities shall be set forth exclusively by the laws. This is a Constitutional requirement (Article 83.5). Hence, in theory, there is potential to have contradiction with the Constitution.

The monetary allotments exceeding 100 times of the minimum wage must be conducted not in cash.⁴⁶² Article 189.15 of the Code of Administrative delinquencies stipulates responsibility for both donors and for the official of the party.

RESOURCES (LAW)

To what extent does the legal framework provide a conducive environment for the formation and operation of political parties?

2012 score – 75

2014 score – 75

The 2012 Assessment noted that some of the existing prohibitions concerning the foundation of political parties are in line with international standards. At the same time it was observed that the

459 RA Code of Administrative Delinquencies, Article 189.16.

460 RA Law on Parties, Article 25.

461 Ibid.

462 Ibid.

Constitution guarantees ideological diversity and the existence of a multi-party system, as well as establishing political parties freely. Another finding was that there is no special law on freedom of association, but its realisation is governed under the Law on Political Parties.

It was observed that the Law on Parties defines several legal requirements connected to founding a political party. First, at the moment of its registration, the party must have at least 200 members,⁴⁶³ and territorial organisations in at least one third of marzes, including Yerevan.⁴⁶⁴ In addition to these requirements, the Law on Parties stipulates that not later than six months after its registration, the party should have at least 2,000 members throughout the country with at least 100 members in each marz, territorial units in all marzes and Yerevan.⁴⁶⁵ These requirements were considered to theoretically prevent small groups from establishing political parties.

Since then, no amendments and alterations have taken place.

RESOURCES (PRACTICE)

To what extent do the financial resources available to political parties allow for effective political competition?

2012 score – 50

2014 score – 50

The 2012 Assessment mentioned the amount of money that was received by the main political parties in Armenia for 2009. The Republican Party received 27.183.000 AMD (approximately 66.600 US \$), Prosperous Armenia 12.129.300 AMD (apprx. 29, 800 US \$), Armenian Revolutionary Federation Dashnakcutyun 10.552.900 AMD (apprx. 25, 900 US \$), Rule of Law Party 5.654.000 AMD (apprx. 13.870 US \$) and Heritage 4.807.500 AMD (apprx. 11.794 US \$). It quoted the observation of the Yerevan Press Club, which articulated suspicions about paying for TV airtime by the political parties. It was particularly observed that both public funding and private funding, so far, have not have decisive effect on elections, simply because of the widespread practice of vote buying during elections conducted in 2007 (parliamentary), 2008 (presidential), 2009 (Yerevan City Council) and 2012 (parliamentary).

Freedom House, in its 2014 Freedom in the World Report, mentioned:

“People have the right to organize in different political parties in Armenia, but the ruling party’s access to and abuse of administrative resources prevents the existence of a level political playing field.”⁴⁶⁶

The representative of the Heritage Party, former MP Armen Martirosyan, which is represented in the parliament, was interviewed by TI AC.⁴⁶⁷ Speaking about the financial situation of the opposition, small and new parties, he noted that compared with two to three years before, the situation has worsened. Funding which those political parties receive from the state budget is quite low and not enough. The small and middle sized businesses that previously financed the party now do not, often because they

463 These 200 or more members could be considered as founders of the party.

464 RA Law on Parties, Article 5.

465 Ibid., Article 5, Point 1.1

466 Freedom House, *Freedom in the World 2014: Armenia*.

467 Interview of former Member of Parliament, Armen Martirosyan, with the representative of TI AC, 10 June 2014.

went bankrupt, and big businesses do not finance small parties. The latter tend only to finance pro-governmental parties. The same question was sent to a representative of the ruling Republican Party, who answered that the financial situation of the party remained the same.

Mr Armen Martirosyan also noted that, “in no way he can say that the financing of political parties is sustainable, and this is the reason why political parties are not succeeding”. The sources of financing, according to him, come either from the political party leader or, in the case of governmental political parties, capital investments of oligarchs. The work in political parties must be paid for, but in the case of Heritage, they can pay only for a director and administrative worker of the central office.

A local expert, Mr Edgar Vardanyan,⁴⁶⁸ noted that in his opinion the financial situation of small or newly established political parties, in comparison with the last two to three years, has not dramatically changed. Regarding diversity and sustainability of financing, he noted that in the case of small and opposition political parties, financing is not diversified and is not sustainable. Membership fees are symbolic and parties are financed either by the leader of the party or by his/her friends who have businesses. In terms of developments during the last three years, he noted that the situation has not changed, although discussions about these issues inside parties have begun to take place.

In view of the conflicting evidence, it is not possible to draw firm conclusions on whether the situations was deteriorated or improved since 2012, and therefore the score remains unchanged.

INDEPENDENCE (LAW)

To what extent are there legal safeguards to prevent unwarranted external interference in the activities of political parties?

2012 score – 75

2014 score – 75

The 2012 Assessment observed that political parties have the status of legal persons and the state can monitor/investigate political party operations in a same way as in the case of other legal persons. Thus the Law on Political Parties stipulates that political parties shall submit financial and accounting reports to state bodies and not publishing or not submitting the reports, or submitting reports not corresponding to the order, stipulated by the Law on Political Parties entails sanctions stipulated by law.⁴⁶⁹ It was also observed that there are no provisions for mandatory state attendance of political party meetings and no provisions allowing the state to apply specific approaches in monitoring/ investigating parties’ operations.

On the negative side it was observed that there is a lack of mechanisms for checking the number of party members and existence of chapters in regions. This was considered as an obstacle for legal

⁴⁶⁸ Interview of the Expert of Armenian Center of Strategic and National Studies, Edgar Vardanyan, with the representative of TI AC, 25 June 2014.

⁴⁶⁹ a) For not submitting or publishing report on the received and paid means by a political party during the reporting year (Code on Administrative Delinquencies, Article 189.13-fine in the amount of 40-50 times of minimum wage, but if the same delinquency is being repeated during one month after imposition of fine, then the fine range is 400-500 times of the minimum wage); b) For not providing documents stipulated under the law (Code on Administrative Delinquencies, Article 189.14-fine in the amount of 80-100 times of the minimum wage, but if the same delinquency is being repeated during one month after imposition of fine, then the fine range is 150-200 times of the minimum wage).

dissolutions of political parties that creates opportunities for political parties to provide false information regarding number of the members and chapters in regions.

Since then, no amendments and alterations were made into any piece of legislation, which relate to political parties.

INDEPENDENCE (PRACTICE)

To what extent are political parties free from unwarranted external interference in their activities in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment made certain observations related to the aftermath of the political crisis in 2008. It was mentioned that Social-Democratic Hnchak party was divided into two parts and there was a discontinuation of the dialogue between Armenian National Congress (ANC), at that time extra-parliamentary opposition force, and the ruling coalition for that period. The reason of the discontinuation of the dialogue, as ANC stated, was the detention of its seven young activists.

Since 2012, those seven young activists have been released and the ANC became a parliamentary force. Mr Armen Martirosyan, noted that interference in activities of political parties have always taken place, in the form of trying to “invite” the opposition representatives into economical field, promising them good jobs. On the unequal approach toward opposition parties, he mentioned that this takes the form of allowing only certain parties to hold public events, while state resources are being given only to pro-governmental forces.

Local expert Mr Vardanyan, in his interview with the representative of TI AC, noted that he does not remember any case when the authorities have dissolved or prevented the operation of a political party directly.⁴⁷⁰ Neither have opposition forces claimed that authorities have interfered in their affairs. However, he noted that the political behaviour of some political parties does not fit with their political manifestos, instead supporting the policies of the authorities.

It can be concluded that the situation regarding the independence of political parties has neither dramatically deteriorated nor dramatically improved. For this reason, the score remains the same.

TRANSPARENCY (LAW)

To what extent are there regulations in place that require parties to make their financial information publicly available?

2012 score – 75

2014 score – 75

The 2012 Assessment noted that according to the law, a party shall no later than 25 March of the following year publish in the media a report on the received and spent means during the reporting

⁴⁷⁰ Interview of the Expert of Armenian Center of Strategic and National Studies, Edgar Vardanyan, with the representative of TI AC, 25 June 2014.

year and also the opinion of the audit. The state authorised body, with the aim of checking the published and submitted report, has the right to demand information on the cash banking receipts and disbursements, and preliminary accounting. The party is obliged to provide this information within three days.

During the reporting period no changes were adopted in the legal acts governing this indicator.

TRANSPARENCY (PRACTICE)

To what extent do political parties make their financial information publicly available?

2012 score – 50

2014 score – 50

The 2012 Assessment observed that financial statements by political parties are submitted in due time. It was also observed that the Freedom of Information Center requested financial information from those political parties which participated for 2009 Yerevan's Municipality elections. Only two political parties (Rule of Law Country and ANC) did not provide such information.

In 2014, TIAC asked the Republican Party about the ease of acquiring financial information from the party and comprehensiveness of their financial reports. Regarding the first part of the question, the Republican Party answered that it became easier to acquire financial information from them, because it is published on their website and also disseminated in the media. As for the second part of the question, their financial reports have become more comprehensive because their specialists underwent training and now work with respective programmes, and also they undergo audits in the manner prescribed by law.

Mr Armen Martirosyan, noted that for opposition parties not to be transparent is conditioned with tactics of a party, especially when political struggle in Armenia reminds military one. In his opinion, the ruling party says one thing but does the opposite. He also thinks that during the last three last years not much has changed. In his opinion, the best political party in terms of transparency is his own, while the worst one is ruling party and perhaps Prosperous Armenia, because for a long time they used to be coalition members and there are persons with sufficient financial resources there.

In the opinion of Mr Vardanyan, he has perception that it is not that easy to receive information from political parties. However, he noted that if he would generalise, conditionally, then he thinks that opposition political parties are more open in terms of access to information.

All three representatives (the Republican Party, former MP from Heritage and local expert) provided different points of view and hence the conclusion that naturally flows is that the situation of transparency has stagnated and no extreme changes took place. Close inspection of the websites of six political parties present in parliament revealed that for the period of 2012–2014, none has posted their financial reports as of 30 June 2014. Therefore, the score remains unchanged.

ACCOUNTABILITY (LAW)

To what extent are there provisions governing financial oversight of political parties?

2012 score – 50

2014 score – 50

The 2012 Assessment noted that according to the law, parties must publish a financial report on received and spent means for the year, no later than March of the following year. It was also observed that the financial report shall include data both on sources and volume entered into account as well the property of the party. In this regard, it was mentioned that the major deficiency is that the legislation does not provide mechanisms for the verification of information contained in the reports of political parties. During the reporting period no changes were adopted in the legal acts governing this indicator.

ACCOUNTABILITY (PRACTICE)

To what extent is there effective financial oversight of political parties in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment described the system of financial oversight of political practice, and also quoted the opinion of the Venice Commission and OSCE/ODIHR, which was that granting the same body the function of financial oversight over the activities of parties and campaign oversight is not good practice.

As already discussed above, the Republican Party considers its reports more accurate. In the opinion of Mr Armen Martirosyan the situation is the same and has not changed during the last three years. He noted that the reports are not accurate, because the ruling party has big flows of money to buy votes and for buying opposition members. The local expert Mr Vardanyan noted that he doubts whether the provided statements are comprehensive.

The Compliance Report of GRECO on Armenia, which also concerns “Transparency of party funding”, noted that recommendation VIII,⁴⁷¹ which relates to an independent and integrated mechanism for the monitoring of the funding of political parties, concluded that its recommendation was partially implemented.⁴⁷² However, it must be noted that GRECO discusses the legal mechanisms and does not discuss practical performance. From the articulated viewpoints, it can be concluded that situation remained the same and there is no need to change the score.

471 GRECO recommended to ensure that an independent and integrated mechanism is in place for the monitoring of the funding of political parties and electoral campaigns, and that it is given the mandate, the authority and the financial and staff resources to effectively and pro-actively supervise such funding, to investigate alleged infringements of political financing regulations and, as appropriate, to impose sanctions. See at: GRECO, *Third Evaluation Round. Compliance Report on Armenia* (Strasbourg: GRECO Secretariat/ Council of Europe, 2012), 11. [www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3\(2012\)21_Armenia_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3(2012)21_Armenia_EN.pdf)

472 Ibid., 3.

INTEGRITY (LAW)

To what extent are there organisational regulations regarding the internal democratic governance of the main political parties?

2012 score – 100

2014 score – 100

The 2012 Assessment report noted that in general, the legislation on parties does not contain any provisions, which could hinder the application of democratic mechanisms in the decision-making on intra-party issues. Furthermore, according to the Law on Parties a number of key decisions, such as the adoption of the charter and programme, the formation of party leading and oversight bodies, the introduction of changes and amendments in the charter and programme, as well as its reorganisation and dissolution shall be passed by the majority of the congress delegates, not the majority of the delegates participating at the congress.

In this regard, no changes were made into the governing legislation. Besides, this indicator was granted the highest score.

INTEGRITY (PRACTICE)

To what extent is there effective internal democratic governance of political parties in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that among major political parties, the leaders are the most prominent figures in governing their parties. It was also observed that leader selection among political parties is not based on truly democratic principles.

A local expert, Ara Nedolyan noted:

“These parties are mainly clubs of supporters of this or that politician. They essentially support their leader’s ideological, promotional and organizational activity”.⁴⁷³

This finding corresponds with the views of interviewees. One of the fundamental pieces of research conducted in regard to this pillar, noted:

“Republican Party representatives also often reported that they were handpicked by party leaders to carry out specific political functions”.⁴⁷⁴

The above forces the conclusion that since the last report no significant changes have taken place and for this reason the score remains the same.

473 Nedolyan, “Political Parties Before, During and After the Elections of 2012–2013”, 7.

474 Academic Swiss Caucasus Net, *The Political Elite of Post-independence Armenia: Characteristics and Patterns of Formation* (Yerevan: AREG Scientific Cultural Youth Association and Academic Swiss Caucasus Net, 2014), 56. www.ascn.ch/en/research/Completed-Projects/Completed-Projects-Armenia.html

INTEREST AGGREGATION AND REPRESENTATION (PRACTICE)

To what extent do political parties aggregate and represent relevant social interests in the political sphere?

2012 score – 25

2014 score – 50

The 2012 Assessment observed that the political culture in Armenia has not reached a level where different interests of specific groups of people are represented by a political party. In addition it was observed that despite the existence of such political parties as Green Party and Youth Party, these parties do not play an important role in the political spectrum. It was also observed that according to the Civil Society Index, 80.9 per cent of respondents did not trust political parties.⁴⁷⁵

It is well known in Armenia, that the only specific interests groups that dominate in political parties in Armenia are either businessman or so-called oligarchs. A local expert noted:

“More specifically, after securing a sizeable number of seats in the Armenian parliament election, their political role as deputies demonstrates a convergence of corporate, state, and in some case, even criminal, interests. In addition to influencing the formulation of public policy and garnering substantial leverage over the course of governmental policies, this oligarchic elite has come to embody the difference between the power to rule and the responsibility to govern.”⁴⁷⁶

According to another researcher, Ketevan Bolkvadze, who researched political funding regulations in Armenia and Georgia:

“The leading Armenian businessmen, a group numbering around 40, not only control industries ranging from banking to mining, but also have translated their economic edge into privileged political statuses.”⁴⁷⁷

According to Marilissa Lorusso from the Instituto Affari Internazionali, the “common wisdom is that the parliament has been turned into an arena where interests of oligarchs are negotiated.”⁴⁷⁸

The legitimacy of political parties in Armenia is extremely low: according to recent data produced by Caucasus Research Resource Centers, only 2 per cent of respondents fully trusted political parties in Armenia and only 8 per cent somewhat trusted, which made political parties the least trusted institution in Armenia.⁴⁷⁹

Based on the above, and the current developments concerning partnerships between various civic initiatives and political parties, about which is more discussed in the pillar on “civil society”, it can be

475 CIVICUS Civil Society Index National Implementation Team, *Armenian Civil Society: From Transition to Consolidation. Analytical Country Report* (Yerevan: Counterpart International, 2010), 24. <https://civicus.org/downloads/CSI/Armenia.pdf>.

476 Richard Giragosian, “The Political Dimension: Armenian Perspective”, *The South Caucasus 2018: Facts, Trends, Future Scenarios* (Konrad Adenauer Stiftung, 2013), 15. www.kas.de/wf/doc/kas_35353-1522-22-30.pdf?130912141452.

477 Ketevan Bolkvadze, *Drams, Laris, and Politics: Political Funding Regulations in Armenia and Georgia* (Netherlands Institute of International Relations, n.d), 9. www.clingendael.nl/sites/default/files/Drams,%20Laris,%20and%20Politics%20-%20Political%20Funding%20Regulations%20in%20Armenia%20and%20Georgia.pdf.

478 Ibid, cited by Ketevan Bolkvadze.

479 CRRCA Armenia, *Caucasus Barometer*, 18.

concluded that the partnership between civil society and parties became stronger, and hence there is need to increase the score.

ANTI-CORRUPTION COMMITMENT (PRACTICE)

To what extent do political parties give due attention to public accountability and the fight against corruption?

2012 score – 50

2014 score – 50

Mr Armen Martirosyan considers that corruption is spoken about more and it occupies an important place in the programmes of political parties. He is also of the opinion that political leaders devote much more time to talks on corruption, but in the case of the authorities in his opinion it is all just PR.

Likewise, the Republican Party noted that year on year they devote more attention to the issue of corruption. Mr Vardanyan noted that almost all parties have anti-corruption points in their programmes. Nevertheless, he is not sure whether the situation has changed during the last three years. He also noted that during recent years parliamentary opposition stresses more social and foreign policy issues, rather corruption and democracy building.

The screening of the websites of political parties in the parliament, revealed that the Republican Party has not posted its manifesto on its official website at all, while Rule of Law political party has posted only excerpts from its manifesto.⁴⁸⁰ However, the excerpts from the manifesto of Rule of Law political party shows that one of the fundamental ideological bases of the party is “to assist foundation of Rule of Law in Armenia”.

The four other parties in parliament have all posted their manifestos at their websites.⁴⁸¹ However, only three of them (Prosperous Armenia, Armenian National Congress and Heritage) have special chapters on combating corruption. The fourth, the Armenian Revolutionary Federation “Dashnakcutyun” political party, does not have special clauses on the fight against corruption.

Talks and announcements can be abundant, but to reveal real commitment, such talks must be accompanied by action. The research has not revealed that talks of all parties are followed by real and necessary activities. Therefore, the score remains unchanged.

MEDIA

Summary

Since the 2012 Assessment no single major development took place in regard to this pillar. Still, the media in Armenia is considered diverse, with TV media remaining in the hands of either wealthy business or the state. The online media is very diverse, representing different political ideologies and

480 See the manifestos of Republican Party and Rule of Law political party, respectively at: <http://hhk.am/hy/> and http://oek.am/index.php?option=com_content&view=article&id=61&Itemid=100 [Accessed 20 June 2014].

481 The manifestos for the “Prosperous Armenia” political party see: www.bhk.am/index.php?al=Charter; for the “Heritage” political party see: www.heritage.am/hy/about/election-program?start=4; for the “Armenian National Congress” political party see: www.anc.am/?page_id=1024; for the “Armenian Revolutionary Federation “Dashnakcutyun” political party see: www.arfd.info/hy/?p=3602 [Accessed 20 June 2014].

pursuing different lines of different political parties, although there are also quite objective online outlets. There is almost the same situation for the print media.

However, high-level of self-censorship remains a reality and the number of investigative journalists and investigative stories remains extremely low. The state regulator in the field of licensing TV channels continues to be considered by the experts as not highly independent.

Table of indicator scores

Media			
Overall Pillar Score: 27			
	Indicator	Law	Practice
Capacity 31.25	Resources	25	50
	Independence	25	25
Governance 25	Transparency	25	25
	Accountability	25	25
	Integrity mechanisms	25	25
Role 25	Investigate and expose cases of corruption		25
	Inform public on corruption and its impact		25
	Inform public on governance issues		NA

STRUCTURE AND ORGANISATION

As of 31 December 2011 there were 62 newspapers published regularly in Armenia, among which 13 were dailies. All dailies are nationwide. The remaining 49 newspapers have different periodicity, but all of them are published at least once a week. From these 49 newspapers 22 are nationwide and 27 are regional. The remaining newspapers are published irregularly, and, considering that since 2004 the practice of official registration of media entities was abolished, it is impossible to verify their exact number. Among journals and magazines (which also are published irregularly) only five cover to different extents socio-political topics. Other journals and magazines contain only entertainment.

There are 45 TV channels, among which four (one is a satellite channel) are in the structure of the state-owned Public TV and Radio Company. Other 41 channels are privately owned, of which only six have national coverage, one of which is for retransmitting a foreign (Russian) broadcaster and nine cover the capital (Yerevan), among which three re-transmit foreign (two Russian (ORT and RTR) and CNN) broadcasters. The remaining 26 are regional (marz) channels, from which only 10 received licenses for broadcasting after January 2015, when the digital switchover will be completed.⁴⁸²

⁴⁸² According to the Law on Making Changes and Amendments in the Law on Television and Radio (entered into effect on 28 June 2010) which, actually was the new Law on Television and Radio, until 1 January 2015, the digital TV broadcast network is the property of the Republic of Armenia, (Article 47 of the Law), which means that the digital switchover of TV shall be implemented only by the government. By Article 62 of the Law, on 20 July 2010 the National Commission on Television and Radio shall announce tender for licensing only for 18 TV companies, which will be digitalized by 1 January 2015. This tender was announced in December 2010, when the results of that tender were announced, four TV channels of national and Yerevan coverage were stripped of their licenses and were closed on 20 January 2011, (by the same Article 62 those regional

There are also 40 cable TV companies, all private, of which two have licenses for national coverage and two have licences for Yerevan and one for adjacent marz coverage. Of the remaining 36 cable TV stations, 13 broadcast only in Yerevan, and 23 in other marzes. There are 13 radio-companies that air their programmes on 24 channels. Four channels are included in the structure of the Public TV and Radio Company, four in the structure of ArRadio Continental Company and three in the structure of Radio-Hay Company.

From the mentioned media entities only slightly more than 10 per cent have regularly up-dated on-line versions. In addition, there are about 20 daily up-dated electronic newspapers, which contain news and information about political, economic and social issues of the country and the world.

RESOURCES (LAW)

To what extent does the legal framework provide an environment conducive to a diverse independent media?

2012 score – 25

2014 score – 25

The 2012 Assessment judged the legal regulations pertaining to both electronic, print and TV media. It positively assessed the situation about entry to the journalistic profession and mentioned that there are no legal restrictions, and the same is true for setting up print media entities.

However, it also observed that the more serious problem is that Armenian legislation does not ensure a competitive environment for electronic media, because of the lack of independence of the National Commission for Television and Radio.

Since the 2012 Assessment nothing has changed in the legal framework.

RESOURCES (PRACTICE)

To what extent is there a diverse independent media providing a variety of perspectives?

2012 score – 50

2014 score – 50

The 2012 Assessment noted that Armenia's print media is pluralistic, with a growing online community serving as the main arena for a free flow of opinion and information. It also suggested that broadcast media, especially the television, is subject to significant pressure from government and economic interests. Furthermore, it was noted that sources of revenue for the media are quite diverse, but that it is also a challenge faced by the media entities especially in the regions.

The Media Sustainability Index in Armenia for 2014 stated:

“Overall, the media provide news coverage and information about local, national, and international issues, and citizens access local news, information about other regions of the

TV stations, which lost the December tenders, will continue broadcasting in the analogue mode until 1 January 2015).

country, national issues, and international developments.”⁴⁸³

Television is the country’s leading medium, and one of the only stations with a national reach – Public TV of Armenia – is state owned, though almost 100 other private stations operate.⁴⁸⁴ Print media are available mostly in Yerevan and larger cities. According to the survey conducted jointly by the CRRC and Yerevan’s Press Club in 2013, 79 per cent of interviewees mentioned TV as the most important source for information and current news, while in 2011 it was 90 per cent. This finding highly correlates with the number of people who mentioned the Internet as the most important source for information: in 2013 it is 17 per cent while in 2011 it was 6 per cent.⁴⁸⁵ Freedom House, in Nations in Transit 2013 noted:

“The online community is growing rapidly and the internet is becoming an increasingly reliable platform for independent information and opinions. However, television remains by far the most popular medium for news and entertainment, and political bias in broadcast media is heavy.”⁴⁸⁶

As Media Sustainability Index stated:

“People in large cities have greater access to a number of media sources than people who reside in villages and smaller towns. The Internet has largely bridged this gap but remains more accessible for residents in the capital. Progress has been made toward increasing rural access to the Internet, as seen with the entrance of a new major, fiber-optics, triple-play provider in the market. This provider has entered from the regions downward toward the capitol, compared with previous providers, who initiated service from the capital, which would often result in little or no coverage for rural areas.”⁴⁸⁷

Freedom House in regard to representing entire political spectrum mentioned:

“Although most print outlets are privately owned, they tend to reflect the political and ideological leanings of their owners and do not provide balanced views.”⁴⁸⁸

However, during the last 2012 parliamentary elections the situation of representing different political views improved. Freedom House, in Nations in Transit 2013 report, mentioned:

“The reach of print media remains limited and major television stations are typically co-opted by incumbent political forces. Nevertheless, media monitoring reports concluded that all leading parties had had equal access to media coverage in the run-up to the May elections.”⁴⁸⁹

CRRC reports that 18 experts agreed with the statement that the “Armenian information market depends on the political interests and preferences of the media owners. It is not business per se, as it does not depend directly on its audience,” while three experts disagreed.⁴⁹⁰

About broad spectrum of social interests and groups, Media Sustainability Index noted:

483 IREX, *Armenia Media Sustainability Index 2014* (Washington: IREX, 2014), 9. www.irex.org/resource/armenia-media-sustainability-index-msi.

484 Freedom House, *Freedom of the Press 2013: Armenia*, (Freedom House, 2013)..

485 Yerevan Press Club, “State of the Media Industry in Armenia”, PPT, 2013, 5. www.ypc.am/media_research/ln/en.

486 Freedom House, *Freedom of the Press 2013: Armenia*.

487 IREX, *Armenia Media Sustainability Index 2014*, 8.

488 Freedom House, *Freedom of the Press 2013: Armenia*.

489 Ibid.

490 Yerevan Press Club, “State of the Media Industry in Armenia”, 11.

“Quality niche reporting and programming exist in Armenia, but this category of reporting is rare. Agriculture, ecology, health, and business are covered by niche reporters. Investigative reporting also exists but is, again, very rare.”⁴⁹¹

On the issue of resources of media, Freedom House mentioned:

“Most media are dependent on narrow advertising resources and have little guarantee of editorial independence.”⁴⁹²

On the issue of professionalism, the Media Sustainability Index mentioned:

“There are journalists/media outlets in Armenia that follow professional journalistic practices. However, when examining the broader media landscape, over the years there have been reporters who have continued to not verify or fact-check all the information they present. Moreover, they do not consult a wide variety of relevant sources.”⁴⁹³

Mr Ashot Melikyan, a member of the Committee to Protect Freedom of Information, in his interview with the representative of TI AC,⁴⁹⁴ noted that generally, the current media represents the whole political spectrum. He noted that because after 2012 elections Prosperous Armenia and ARF Dasnakcutyun parties maintained their affiliation with Yerkir media TV and Kentron TV, this brought some changes to the diversity of TV coverage of Armenia. However, he considers that still there is monopolisation of TV coverage, especially given that three years ago “PanArmenia Media Holding” was created strengthening opportunities for propaganda by the authorities. Mr Melikyan considers that there is diversity in the Internet editions, print media, but they cannot compete with the TV, because according to 2013 survey, still for the 80 per cent of the population TV remains the first source of information.

In spite of the abovementioned minor positive developments, the score remains unchanged.

INDEPENDENCE (LAW)

To what extent are there legal safeguards to prevent unwarranted external interference in the activities of the media?

2012 score – 25

2014 score – 25

The 2012 Assessment noted some problems pertaining to TV media. It mentioned that the criteria for granting the license to TV entities, relate not only to technical aspects of broadcasting, but also to the content of programmes that the company proposes, and that that limits their independence. This conclusion was based on the finding that the National Commission for TV and Radio is empowered to sanction media entities for not complying with its requirements, including depriving TV entities of their licenses.

Since the 2012 Assessment nothing has changed in the legal framework.

491 IREX, *Armenia Media Sustainability Index 2014*, 7.

492 Freedom House, *Freedom of the Press 2013: Armenia*.

493 IREX, *Armenia Media Sustainability Index 2014*, 6.

494 Interview of the member of the Committee to Protect Freedom of Information, Ashot Melikyan, with the representative of TI AC, 16 June 2014.

INDEPENDENCE (PRACTICE)

To what extent is the media free from unwarranted external interference in its work in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment, while discussing this indicator, made several evaluations on key points linked with the independence of the media, such as: the independence of National Commission on TV and Radio; licensing procedures; censorship and self-censorship; and the lack of really operational trade unions for journalists.

The impartiality of the National Commission on TV and Radio still remains a fundamental question. Panellists for the Media Sustainability Index 2014 agreed that, “the licensing body is far from apolitical or impartial”.⁴⁹⁵

Freedom House articulated a similar opinion:

“The licensing and regulatory framework has been used to limit media freedom and diversity.”⁴⁹⁶

It also states that the perceived lack of judicial independence, the climate of impunity, harassment and violence against the media all contribute to widespread self-censorship. There are no trade associations to represent interests of the media owners, but there are professional associations that work for the benefit of journalists, such as Asparez journalist’s club, the Yerevan Press Club, the Association of Investigative Journalists, Vanadzor and Goris press clubs. Their primary source of revenue is grants and the government does not impose legal restrictions to prevent them from registering and functioning.⁴⁹⁷

The Committee to Protect Freedom of Expression, in its 2013 annual report mentioned that 10 cases of physical violence were registered (which increased by six compared with 2012), 57 diverse incidents of pressure on the mass media and their workers (which increased by 20 compared with 2012) and 10 facts of violations of the right to receive and impart information (which decreased by 13 compared with 2012).⁴⁹⁸ The Media Sustainability Index reports:

“State/public media, although not independent from government, have lately become open to alternative views and comments; however, the quality of coverage is disputable.”⁴⁹⁹

Freedom House mentioned:

“State and public media receive preferential treatment, with primary access to official news and the lion’s share of government advertising. Small state subsidies are available for private print media, but due to high distribution and licensing costs, the vast majority of newspapers are not profitable. Most media are dependent on narrow advertising resources and have little guarantee of editorial independence. The government does not require registration to access the internet or satellite television, and these are freely available.”⁵⁰⁰

495 IREX, *Armenia Media Sustainability Index 2014*, 5.

496 Freedom House, *Freedom of the Press 2013: Armenia*.

497 IREX, *Armenia Media Sustainability Index 2014*, 11.

498 Committee to Protect Freedom of Expression/OSF-Armenia, *Annual Report-2013: On the State of Freedom of Expression in Armenia and Violations of the Rights of Journalists and the Mass Media*, (2014). <http://khosq.am/en/reports/annual-report-2013/>.

499 IREX, *Armenia Media Sustainability Index 2014*, 8.

500 Freedom House, *Freedom of the Press 2013: Armenia*.

On the issue of confidentiality the Media Sustainability Index noted:

“... investigators make some attempts, without a court order, to disclose the sources. However, in practice, if the journalist/media outlet refuses to disclose, no further action is taken to force journalists to reveal their sources.”⁵⁰¹

The Media Sustainability Index noted that there is more self-censorship present in Armenia, rather direct censorship.⁵⁰² Mr Melikyan noted that hidden censorship is widespread in Armenia; both among print media, websites and TV, and various legal, financial and political avenues are employed to control this sector. Self-censorship is also widespread. In his opinion there are journalists in Armenia who express themselves without fear, but the majority perform the tasks that their boss gives them. In general, Mr Melikyan noted that political influence over the content of media is quite high in Armenia. However, he noted that in Armenia there is no total control over the media.⁵⁰³

On the issue of proper investigation of crimes directed against journalists, he noted that unfortunately law enforcement agencies do not undertake adequate steps, rather they themselves violate the rights of journalists and media, and try to varnish when organisations like his demand to conduct service investigations. In a nutshell, the vast majority of incidents are not detected or punished.

On establishing media entities, he noted that Armenia is quite free because there is a good legislation and it is not complicated. It is easy to establish new media in Armenia, except for TV stations, for which legislative proposals are being drafted.

It can be concluded that since 2012 no substantive positive developments have occurred, and therefore the score remains the same.

TRANSPARENCY (LAW)

To what extent are there provisions to ensure transparency in the activities of the media?

2012 score – 25

2014 score – 25

The 2012 Assessment found a positive feature of the legislation, was that the law stipulates that all media entities should publish information on their ownership on an annual basis. However, there are no legal provisions that would allow the relevant state bodies to investigate who the owners of the media entity were in reality. Since the 2012 Assessment nothing has been changed in the legal framework.

TRANSPARENCY (PRACTICE)

To what extent is there transparency in the media in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment observed that the owners of TV entities formally are not public figures, while in reality they belong to well-known entrepreneurs or politicians. The print media outlets, by their own

⁵⁰¹ IREX, *Armenia Media Sustainability Index 2014*, 4.

⁵⁰² *Ibid.*, 6.

⁵⁰³ Interview of the member of the Committee to Protect Freedom of Information, Ashot Melikyan, with the representative of TIAC, 16 June 2014.

activities, demonstrate their political orientation, but still it is difficult to know to whom they belong. The names of staff of print media were being published by those entities on their webpages, while in the sector of TV and radio, the names of staff were not actively publicised.

About transparency the Media Sustainability Index noted:

“Transparency of online media remains a controversial issue. On the one hand, it could be stated that active citizens and the journalistic community have a general idea of which outlet belongs to whom. And quite often this is also evident from the content produced.”⁵⁰⁴

Mr Melikyan, in his interview with TI AC, noted that broadcast media is the least transparent and do not disclose their ownership. The broadcast media, according to Mr Melikyan, is extremely closed. Situation in the print media is a little bit different, because they are required to publish financial reports, but the reports do not provide information on the owners of that media. In his view, the media do not widely publicise their editorial and reporting policies. Information on staff is also not publicised, and when it is publicised it is only for the purposes of advertising and attracting an audience.⁵⁰⁵

Therefore, no substantial progress or regress was noted after 2012, and, it seems appropriate to leave the same score as of 2012.

ACCOUNTABILITY (LAW)

To what extent are there legal provisions to ensure that media entities are answerable for their activities?

2012 score – 25

2014 score – 25

The 2012 Assessment mentioned that for the TV media, the National Commission for TV and Radio lacks explicit powers to oversee the activities of Public Television and Radio Company. It also found that such oversight bodies are not foreseen for print media and that there is no Media Ombudsman. It was also observed that the legislation does not require the media to have means to interact with and get feedback from the public. It was revealed that the legislation does not require the establishment of press councils.

Since the 2012 Assessment nothing has changed in the legal framework.

ACCOUNTABILITY (PRACTICE)

To what extent can media outlets be held accountable in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment presented a relatively new voluntary initiative of the Media Ethics Observatory. It

⁵⁰⁴ Ibid., 9.

⁵⁰⁵ Interview of the member of the Committee to Protect Freedom of Information, Ashot Melikyan, with the representative of TI AC, 16 June 2014.

was noted that this Observatory produced a Code of Conduct, which was signed by 44 media entities. The signatories recognised the competence of the Observatory to consider complaints brought against its signatories and also voluntarily pledged to post the judgments of the Observatory in their media products. The 2012 Assessment also took note of judicial harassment cases against media entities. It was observed that sometimes the judicial harassment cases take absurd forms, like in the case of Aravot daily, against which was rendered a court judgment without its own participation.

In May 2012, the Information Dispute Council was created. The functions of the Council are to come up with advisory expert conclusions on court litigations on libel and insult, private life protection, and freedom of information; and to provide consultations to the Armenian legislative and executive authorities, local self-government bodies and citizens.⁵⁰⁶ In 2013, the Council provided nine opinions.

The Media Ethics Observatory, during 2013, adopted just one decision-conclusion, which involved the complaint of attorney against Aravot daily for the interview given by the head of the Special Security Service.⁵⁰⁷ In the same year, the Committee to Protect Freedom of Expression noted:

“The year also marked a considerable increase in the number of civil defamation and insult suits against the media and journalists (including as a third party): the CPFE registered 24 such judicial cases (in 2012 they were 17).”⁵⁰⁸

According to Mr Melikyan, this may be partly explained by the fact that media entities generally refuse to provide the right to reply.

On the efficiency of regulating bodies, Mr Melikyan noted that the only regulating body, the National Commission on TV and Radio, does not enjoy any public trust. All the competitions that it has conducted were assessed as not fair and not just. As for Media Ethics Observatory, Mr Melikyan noted that there are huge problems with the organisation, because the majority of media entities are not represented. Efficiency of this body in his view is very low.⁵⁰⁹

Regarding feedback and communications from and with the audience, he thinks that among TV stations only two are more active: Yerkir Media and Kentron TV. Those new media and newspapers that created forums, he thinks have activated more communication with their audience.

It can be concluded that since 2012 there has not been any substantive improvement or deterioration, therefore it seems reasonable to leave the previous score unchanged.

INTEGRITY MECHANISMS (LAW)

To what extent are there provisions in place to ensure the integrity of media employees?

2012 score – 25

2014 score – 25

The 2012 Assessment observed that the legislation regulating the media does not contain any provisions requiring the establishment of the codes of conduct for media entities or journalists. Since

⁵⁰⁶ See: www.ypc.am/expert/ln/en [Accessed 23 June 2014].

⁵⁰⁷ See: www.ypc.am/self_regul/ln/am [Accessed 23 June 2014].

⁵⁰⁸ Committee to Protect Freedom of Expression/OSF-Armenia, *Annual Report-2013: On the State of Freedom of Expression in Armenia and Violations of the Rights of Journalists and the Mass Media*.

⁵⁰⁹ Interview of the member of the Committee to Protect Freedom of Information, Ashot Melikyan, with the representative of TIAC, 16 June 2014.

2012 there have been no developments in this regard. It was also noted that the Yerevan Press Club presented an initiative of creating Code of Conduct for media representatives. As of December 2010 there were 41 signatories representing 44 Armenian media entities. As of April 2014, this number increased and 45 signatories represent 48 Armenian entities.

INTEGRITY MECHANISMS (PRACTICE)

To what extent is the integrity of media employees ensured in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that ethical standards are not widely used or accepted. It was also mentioned that professional associations provide training, but because they are dependent on grants, they are not sustainable. It was also noted that quite often journalists do not double check information before publishing it.

Since then not much progress has been observed. The Media Sustainability Index again reported that:

“Journalists seldom follow recognized and accepted ethical standards in Armenia. Journalistic organizations have developed ethical standards that are very similar to those accepted by international professional journalists’ associations, but these are not widely adhered to or recognized by the majority of media outlets.”⁵¹⁰

On the issue of training, it was observed that there are such opportunities, but journalists are not widely encouraged by their employers to attend them.⁵¹¹ On the issue of the double-checking, the same problem remains as concern.⁵¹²

Mr Melikyan, commented that heads of most media outlets do not care about ethics, and they do not require their journalists to follow rules of ethics. The vast majority of media entities are not part of the Media Ethics Observatory, and in his view, their publications often contain examples of minor or major ethics violations.

With regard to receiving gifts and hospitality, Mr Melikyan noted that unfortunately the majority of journalists and media consider gifts and hospitality as normal. He particularly mentioned the cases when phone operators (Orange, Beeline, VivaCell-MTS and etc.) buy expensive phones for journalists or provide the opportunity to talk free for 10.000 AMD.⁵¹³

Therefore, in view of the apparent stagnation in this field the score remains unchanged.

510 IREX, *Armenia Media Sustainability Index 2014*, 6.

511 Ibid., 12.

512 Ibid., 6.

513 Interview of the member of the Committee to Protect Freedom of Information, Ashot Melikyan, with the representative of TI AC, 16 June 2014.

INVESTIGATE AND EXPOSE CASES OF CORRUPTION (PRACTICE)

To what extent is the media active and successful in investigating and exposing cases of corruption?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that the only investigative journalists' professional organisation is "Hetq" NGO. It quoted the US State Department's Human Rights Report 2010, which says that, "Investigative journalism was often viewed negatively, especially by those who were the subjects of scrutiny".

Since 2012 a number of scandalous stories concerning high-level public officials have emerged. In one example, in May Hetq published a series of articles describing an alleged case of embezzlement and fraud involving domestic commercial banks transferring loans to offshore companies. The articles elicited widespread comment. In one instance a company registered in Cyprus was allegedly a loan recipient. Hetq reported that former Prime Minister Tigran Sargsyan was one of the co-owners of that company. In July the prosecutor general officially requested his counterpart in Cyprus to assist in investigating the criminal case he launched into the affair. The former prime minister denied his participation and said that the company was opened in his name without his knowledge and agreement.⁵¹⁴ On 18 June 2013 the businessman Ashot Sukiasyan sent a letter to Hetq where he said that the prime minister was not aware that he had shares in the company but that he had mentioned the prime minister as co-owner to secure his business from threats.⁵¹⁵ Mr Sukiasyan on 19 June 2014 was transferred to Armenia by the Georgian authorities where he was arrested.⁵¹⁶

INFORM PUBLIC ON CORRUPTION AND ITS IMPACT (PRACTICE)

To what extent is the media active and successful in informing the public on corruption and its impact on the country?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that there are no corruption related media programmes. Airtime is seldom devoted to corruption-related programmes. Since 2012 no major changes have occurred.

According to Yerevan's Press Club and CRRC joint research, among the five main TV channels which were observed, only 5.5 per cent of their airtime was devoted to "corruption, monopolies, oligopolies and unfair competition" programmes,⁵¹⁷ on Public Radio and Radio Yerevan FM 6.7 per cent was dedicated,⁵¹⁸ while main the web-media representatives (1in.am, Aravot.am, CivilNet.am, News.am)

⁵¹⁴ See: www.gov.am/am/news/item/10468/ [Accessed 20 June 2014].

⁵¹⁵ See: <http://hetq.am/arm/news/27474/hetakhuzman-mej-gtnvox-ashot-suqiasyan-namak-e-grel-datakhazutyany-ev-hetqin.html> [Accessed 23 June 2014].

⁵¹⁶ See: www.aravot.am/2014/06/20/472818/ [Accessed 23 June 2014].

⁵¹⁷ Yerevan Press Club, "State of the Media Industry in Armenia", 16.

⁵¹⁸ Ibid., 18.

dedicated 7.2 per cent.⁵¹⁹ Mr Melikyan noted that there are projects implemented by NGOs, who try to involve the media too.⁵²⁰

In view of the above and lack of substantive developments, the score is being left unchanged.

CIVIL SOCIETY

Summary

Since the 2012 Assessment major changes occurred in terms of civil society’s effectiveness in holding the government accountable. The achievements relate to civic initiatives among which the most notable are: the Masthotc park civic initiative, “We demand punishment of those who are guilty in Harsnakar”, “We will not pay 150 drams”, and “I am against”.

Perhaps, the most advocated initiative which gained cross society support, was the “We will not pay 150 drams”. Quite notorious artists participated in this initiative.⁵²¹ This civic initiative started in the summer of 2013, and was against rising prices for public transportation in Yerevan from 100 AMD to 150 AMD. This initiative was successful and the prices were not raised. However, the initiative that has had the greatest impact in building confidence in civil society’s ability to hold the authorities to account and to pursue their interests, is “Dem em”.⁵²² This was about the unwillingness of the population to participate in the new system of cumulative pensions.⁵²³ The Law on Cumulative Pensions, foresees that those born after 1974 are required to participate in this system, which basically means financial loses for them in the amount of 5–10 per cent of their gross income. This initiative was organised by a group of young IT specialists in January of 2014. The initiative attracted huge support from the population and opposition political parties and following an appeal with the Constitutional Court, which challenged the constitutionality of the provision of the Law a partially favourable decision was adopted.

Thus, civil society has become more successful in terms of making real and tangible changes and now can be considered a real power. Nevertheless, these achievements mainly belong to civic activists and regular citizens rather than to NGOs.

Table of indicator scores

Civil Society			
Overall Pillar Score: 33.3			
Dimension	Indicator	Law	Practice
Capacity 43.75	Resources	50	25
	Independence	75	25
Governance 18.75	Transparency	NA	25
	Accountability	NA	25
	Integrity	0	25

519 Ibid., 22.
 520 Interview of the member of the Committee to Protect Freedom of Information, Ashot Melikyan, with the representative of TI AC, 16 June 2014.
 521 See: www.armenianweekly.com/2013/07/23/yerevantsis-mobilizes-against-price-hikes-in-public-transport/ [Accessed 23 June 2014].
 522 All developments on this initiative are available via the following website: <http://dem.am/> [Accessed 23 June 2014].
 523 Asatryan, “The Political Economy of Pension Reform in Armenia,” 2-5.

Civil Society			
Overall Pillar Score: 33.3			
Dimension	Indicator	Law	Practice
Role 37.5	Hold government accountable		50
	Policy reform		25

STRUCTURE AND ORGANISATION

There are almost 7,000 civil society organisations (CSOs) registered in Armenia, which include 72 per cent of public organisations (POs), 12 per cent of foundations, 11 per cent of trade unions and 4 per cent of unions of legal entities.⁵²⁴ In addition, there are some non-formal and non-registered movements and groups of active citizens. The majority of civil society organisations are concentrated in Yerevan and in large cities in the north of Armenia, which may be attributed to the more skilful human resources and funding opportunities as well as the centralised civil society organisations registration process in Yerevan.⁵²⁵ The number of active civil society organisations is actually much lower than that of the registered ones, discussion about which please see under relevant parts of this pillar.

The notion of civil society organisations is mostly perceived in respect of POs that may be explained by their large share within the spectrum of entities representing the non-governmental sector, greater visibility of work and wider recognition within the society. In contrast, the most recognised foundations are the few grant-giving institutions that serve as intermediate structures for channelling foreign funding to Armenian civil society. There are even fewer known unions of legal entities and no actually visible trade unions. Thus, this assessment concentrates on POs as the biggest and the most active part of the Armenian civil society.

RESOURCES (LAW)

To what extent does the legal framework provide a conducive environment for civil society?

2012 score – 50

2014 score – 50

The 2012 Assessment reported that the legal framework, in general, provides for favourable conditions for establishment of CSOs, but the actual processes of establishment and operation generate inconveniences and are complicated. At the same time there were mentioned such shortcomings as limited opportunities for active litigation, complicated and lengthy procedures for registration of public organisations, and also lack of conducive environment in terms of taxation.

The legal field, in this regard, has not been changed since the 2012 assessment.

⁵²⁴ Written response of RA Ministry of Justice Agency for State Registry of Legal Persons to the inquiry of “Transparency International Anti-corruption Center” PO, Yerevan, 15 April 2010.

⁵²⁵ Aleksandr Iskandaryan, *Nations in Transit 2010: Armenia* (Freedom House, 2010),

73. www.freedomhouse.org/sites/default/files/NIT13_Armenia_3rdProof.pdf.

RESOURCES (PRACTICE)

To what extent do CSOs have adequate financial and human resources to function and operate effectively?

2012 score – 25

2014 score – 25

The 2012 Assessment reported that Armenian CSOs lack financial sustainability and most are dependent on foreign donors. It also highlighted issues pertaining to the legislative constraints on being engaged in other activities to secure funding, and limited resources for volunteers.

Since 2012 the situation has worsened. One of the interviewees, the director of a leading local foundation CDPF, Mr Armen Ghulumyan,⁵²⁶ made a couple of observations regarding resources of CSOs. In his opinion since 2012 the diversification of financial resources of CSO has worsened, because the number of donors and volume of grants has decreased. Another expert in this field, incumbent MP Tevan Poghosyan,⁵²⁷ who for many years headed one of the leading think-tanks in Armenia, noted that the problem of limited diversification of resources, especially being dependent on one donor or one project, is a cultural one: the donor and/or CSOs are used to working with each other and are not looking for new partners/donors/grantees.

Regarding funding from local sources, both experts agreed that state grants are not allocated in a transparent and fair manner. In this regard the US State Department's Human Rights Report 2013 reported:

“In April the NGO Freedom of Information Center of Armenia published information on grants the presidency made to certain NGOs from 2010-12. The presidency awarded 31 NGOs grants totaling 500 million drams (\$1.2 million). Media reported that the recipient NGOs existed on paper only, registered shortly before receiving the grants, and were largely founded by the same small group of persons. The Ministry of Justice listed Levon Martirosyan, a member of National Assembly from the Republican Party, as one of the founders of one of the NGOs. Martirosyan worked as an assistant to the president from 2008-12 before election to the National Assembly and was the founder of the United Liberal National Party. Authorities did not open an investigation into the matter during the year. Most other founders of the other 30 NGOs were connected either to Martirosyan or to the United Liberal National Party.”⁵²⁸

Mr Ghulumyan also noted that both businesses and individuals do not realise their role in the development of civil society, the reason for which maybe the lack of trust towards CSOs. The 2012 CSO Sustainability Index, in this regard noted:

“The business community is generally skeptical of CSOs, although a limited number of corporations collaborate with CSOs in the framework of their CSR programs.”⁵²⁹

Besides, still neither individual nor corporate donors receive any tax benefits.⁵³⁰

526 Interview of the Director of the Civic Development and Partnership Foundation, Armen Ghulumyan, with the representative of TI AC, 13 June 2014.

527 Interview of the incumbent MP, Tevan Poghosyan, with the representative of TI AC, 11 June 2014.

528 *US Department of State. Armenia 2013 Human Rights Report* (US Department of State, 2013) 27. www.state.gov/documents/organization/220461.pdf.

529 USAID. *2012 CSO Sustainability Index for Central and Eastern Europe and Eurasia* (Washington: USAID, 2013), 30. www.usaid.gov/sites/default/files/documents/1863/2012CSOSI_0.pdf.

530 *Ibid.*, 25.

The situation regarding direct income generation has not changed since 2012. There are still two options for that: either to change the status of the NGO to a foundation or to establish a separate business entity.

According to research, conducted by Y. Paturyan and V. Gevorgyan, on the level of trust toward NGOs and volunteering in South Caucasus, it was revealed that higher levels of volunteerism exist in Armenia, compared to the two other South Caucasus countries.⁵³¹ The issue of volunteers was addressed by the Human Rights Defender also, in his 2013 Annual Report. Particularly he noted that there is a need to develop such mechanisms, which would enable the development of volunteerism in Armenia, but which at the same time will not make it possible for employers to misuse the mechanisms and to breach the rights of workers, by employing unregistered employees. He urged authorities to adopt in a short time period the draft of the governmental protocol-decree on “Approving the Concept on Institutional and Legislative reforms on Civil Society Organizations”.⁵³² However, this has not yet been adopted.

On the issue of memberships, the 2012 CSO Sustainability Index noted:

“Although Armenian public organizations are membership-based, only a few collect membership fees.”⁵³³

Y. Paturyan and V. Gevorgyan, in this regard noted:

“Thus, the three South Caucasus countries share a common legacy of post-communism with low levels of membership in, and mistrust of, civil society organizations as a ‘starting point’.”⁵³⁴

Regarding attracting good professionals, Mr Ghulumyan mentioned that the main problem is low salaries, and so qualified professionals enter other sectors. However, they are finding ways to collaborate with NGOs as experts for short time periods, while working in other sectors simultaneously. The 2012 CSO Sustainability Index noted in this respect:

“Financial challenges make it difficult for CSOs to hire and retain long-term paid professional staff”.⁵³⁵

Despite the above negative developments, still it is impossible to grant the lowest possible score (0). Therefore, the score remains unchanged.

INDEPENDENCE (LAW)

To what extent are there legal safeguards to prevent unwarranted external interference in the activities of CSOs?

2012 score – 75

2014 score – 75

The 2012 Assessment mentioned that state interference in CSO activities may be assessed as

531 Yevgenya Paturyan and Valentina Gevorgyan, “Trust towards NGOs and Volunteering in South Caucasus: Civil Society Moving Away from Post-Communism?” *Southeast European and Black Sea Studies* 14, 2 (3 April 2014): 239-62, 248. <http://dx.doi.org/10.1080/14683857.2014.904544>.

532 RA Human Rights Defender, *Annual Report: On the Activities of the RA Human Rights Defender*, 344-345.

533 USAID, *2012 CSO Sustainability Index for Central and Eastern Europe and Eurasia*, 26.

534 Yevgenya Paturyan and Valentina Gevorgyan, “Trust towards NGOs and Volunteering in South Caucasus: Civil Society Moving Away from Post-Communism?”, 242.

535 USAID, *2012 CSO Sustainability Index for Central and Eastern Europe and Eurasia*, 25.

limited to the pursuit of the government's legitimate interest to perform its role through necessary and proportionate means. It was also observed that the right to associate may be restricted only in cases of unlawful activities. It was revealed that Constitution stipulates mandatory closure of CSOs only for cases prescribed by law and that cases were enumerated in the report. Also, it was observed that Law on Public Organizations provides for self-governance of POs. Since then, no legal amendments were made to the framework governing civil society.

INDEPENDENCE (PRACTICE)

To what extent can civil society exist and function without undue external interference?

2012 score – 25

2014 score – 25

The 2012 Assessment made some negative observations on this indicator, such as: the attempt by the government to adopt alterations and amendments in the Law on Public Organisations, without prior proper notice to CSOs; the general environment's unpredictability; the discretionary application of instruments of control especially for politically active NGOs; the practice of "self-censorship" by some CSOs; the intimidation of NGOs through unofficial warnings of activists, campaigns launched by pro-government media to blame CSOs for the support of colourful revolutions and serving foreign interests; the discretionary exercise of criminal law; the use of government friendly NGOs, so called GONGOs, for securing positive statements about elections and as window-dressing by involving them in "public council" within state institutions to demonstrate public participation; and the fear of losing genuine CSOs. On a positive side it was observed that there had been no known cases of refusing to register, closing down or restricting NGOs in other ways.

Since 2012 no major changes have occurred. According to Mr Ghulumyan CSOs are free in their operations without suffering critical interference from the government as long as they are not involved in politics. Mr Poghosyan noted that problems tend arise when CSOs try to work with authorities and are refused cooperation.

The US Human Rights Report 2013 reported:

"In addition to the violent attacks, there were multiple reports that police and unknown individuals intimidated and harassed civic activists, including following them and subjecting them to threatening telephone calls."⁵³⁶

One notorious attack was against a member of the TI AC's board Suren Saghatelyan and member of TI AC, Haykak Arshamyan. As documented in the US Human Rights Report 2013:

"On September 5, [...] a group of six or seven men severely beat the project coordinator of media watchdog Yerevan Press Club, Haykak Arshamyan, and a board member of Transparency International, Suren Saghatelyan. The two victims needed hospitalization with multiple abrasions and cuts on their bodies and heads, and Saghatelyan underwent nose surgery. According to the lawyer representing the two victims, police were very slow to act and reluctant to undertake standard forensic procedures."⁵³⁷

The co-chair of the Eastern Partnership Civil Society Forum Steering Committee Krzysztof Bobinski, in one of his interviews noted that:

⁵³⁶ US Department of State, *Armenia 2013 Human Rights Report*, 29.

⁵³⁷ Ibid.

“CSF must be very careful that it should not allow itself to be dominated by organisations that have been set up by government officials or the government itself (GONGOs). That would really be the end of the movement.”⁵³⁸

The Moscow’s Helsinki Committee produced a report with information on the issue in Armenia. The following excerpt is particularly illustrative:

“On April 16, 2012, at approximately 10:30-11:00, 200 citizens with posters and flags and escorted by police officers, approached the office of HCA Vanadzor. A large group of protesters entered the office and demanded that the Organization not provide space for the Caucasus Center of Peace Making Initiatives (CCPMI) to present a screening of Azeri films in Vanadzor on April 17th. Other protesters also entered the office and started threatening and demanding an urgent response. Meanwhile the protesters began to throw eggs and rocks at the office. 2 rocks broke the windows and entered the office. One of the rocks hit an employee of HCA Vanadzor. The police did not take any action to ensure the safety of the staff members and to prevent calls for violence and the violation of public order, even though the Organization telephoned and informed the police about the need to take action to ensure the safety of the staff members. However, no police action, regarding the unpredictable situation, was initiated.”⁵³⁹

Notorious cases of intimidation since 2012 include two cases concerning staff/members of Transparency International Anti-corruption Center NGO Armenia. In the first case, the US-Armenian intern Narine Esmaili, was an observer during the 2013 presidential elections and witnessed ballot-box stuffing. Later, based on her testimonies a criminal file was opened. However instances of vocal intimidation took place during the investigation.⁵⁴⁰ In the second case, two members of Transparency International Anti-corruption Center NGO Armenia were beaten, which gave rise to sending urgent appeal to the UN High Commissioner of Human Rights, Special Rapporteur on the Rights to Freedom of Assembly and Association, Special Rapporteur on Torture and other Cruel, Inhuman or Degrading Treatment or Punishment, Special Rapporteur on the situation of Human Rights Defenders and etc., together with 42 local NGOs, civic initiatives and activists.⁵⁴¹

The EU noted:

“There was a worrying increase in cases of attacks against civil society organizations, and inadequate follow-up by the authorities”.⁵⁴²

In the same document is said:

“The constitution and the law provide for freedom of assembly. However, in 2013 there was an increase in reports of violence against civil activists and human rights defenders, as well as of harassment and undue pressure on peaceful demonstrators. Violations by the police were underlined by the Armenian Human Rights Defender but no perpetrators have yet been brought to justice.”⁵⁴³

538 Interview of the Co-Chair of the Eastern Partnership Civil Society Forum Steering Committee Krzysztof Bobiński with the EU Neighbourhood Info Centre, 2013, 2. www.enpi-info.eu/files/features/Civil%20Society%20Forum%20Interview_EN.pdf.

539 Moscow’s Helsinki Committee, *Persecution on Human Rights Defenders and Human Rights NGOs at the Post-Soviet Area: Key Tendencies 2011-2013*, 116. http://mhg-main.org/sites/default/files/files/eng_persecution_on_hr_defenders_2011_2013.pdf.

540 For more on the case please see the statement of Transparency International Anti-corruption Center NGO Armenia at: <http://transparency.am/en/statements/view/172> [Accessed 25 June 2014].

541 The urgent appeal is available at: www.transparency.org/news/pressrelease/transparency_international_anti_corruption_center_in_armenia_and_others_urg [Accessed 25 June 2014].

542 European Commission, *Joint Staff Working Document: Implementation of the European Neighborhood Policy in Armenia*, 3. http://eeas.europa.eu/enp/pdf/2014/country-reports/armenia_en.pdf.

543 Ibid., 6

Since 2012 the situation remains equally restrictive, therefore, leaving the 2012 score unchanged is obviously the correct path to follow.

TRANSPARENCY (PRACTICE)

To what extent is there transparency in CSOs?

2012 score – 25

2014 score – 25

The 2012 Assessment observed that POs are transparent to their funding sources (donors) rather than to the public. Concerns were also articulated regarding the transparency of state funded NGOs. In addition, some of the interviewees viewed POs as transparent and some not.

Mr Ghulumyan noted that in the case of foundations the financial reports are generally published. He also is of the opinion that the practice of providing annual reports by CSOs is increasing, but still it is not sector wide. Mr Pogosyan on the issue of annual reports thinks that those who produce such reports are doing so mainly because of the demands by donors. As for state funded NGOs, the CSO Sustainability Index noted:

“Although state structures provide funding to CSOs, this funding is generally distributed on a non-transparent and non-competitive basis”.⁵⁴⁴

Therefore, it seems that no substantial progress was registered since 2012, and the score remains the same as for 2012.

ACCOUNTABILITY (PRACTICE)

To what extent are CSOs answerable to their constituencies?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that often the membership of POs is merely nominal, and the governing structures, such as boards and councils, are weak. It was observed that there is poor connection of POs with their constituencies. In addition, it was noted that many POs over time developed to business-type organisations serving the interests of the leadership rather than their respective constituencies.

Since 2012 no major developments were observed. Interviewee Mr Ghulumyan noted that formal requirements of meetings generally are followed. However, the oversight by the boards and members is not proper. In this regard, CSO Sustainability Index noted:

“In many CSOs, the leader acts as the sole organizational representative and makes most organizational decisions. Most CSOs have boards of directors or trustees in accordance with their charters, although the boards often play a purely symbolic role. In addition, CSO members sometimes work as executive staff.”⁵⁴⁵

544 USAID, 2012 CSO Sustainability Index for Central and Eastern Europe and Eurasia, 26.

545 Ibid.

In view of the above mentioned, there is no need to alter the 2012 score, as no substantial changes took place.

INTEGRITY (LAW)

To what extent are there mechanisms in place to ensure the integrity of CSOs?

2012 score – 0

2014 score – 0

The 2012 Assessment noted that legal mechanisms are absent to ensure the integrity of CSOs. The main question was and remains the existence of mandatory legal mechanisms, which still have not been introduced. Although, the 2012 Assessment also mentioned that some NGOs have code of conducts as a form of self-regulation, but still, it was scored as 0, as since the 2012 Assessment, no tangible changes have occurred.

INTEGRITY (PRACTICE)

To what extent is the integrity of CSOs ensured in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that there are no data on the level of adherence to the codes of conduct by CSOs. However, it was noted that there are several problems relating to integrity, such as political partisanship of some organisations and the promotion of respective political agendas, manipulation of others by the state to imitate public support for government policies, and engagement of relatives in the activities of organisations.

Since 2012 no major developments could be observed. Both interviewees noted that integrity is a matter of the culture of the individual CSO. The 2012 CSO Sustainability Index observed:

“CSOs in Armenia do not have a sector-wide code of ethics, though a few organizations state their values and principles in their public relations materials and strategic plans.”⁵⁴⁶

In view of the above mentioned, there is no evidence to suggest altering the 2012 score.

HOLD GOVERNMENT ACCOUNTABLE

To what extent is civil society active and successful in holding government accountable for its actions?

2012 score – 25

2014 score – 50

The 2012 Assessment noted that CSOs are able to demand and achieve success in holding the government accountable as they mobilise, organise themselves, ensure leadership and are persistent

⁵⁴⁶ Ibid., 30.

and principled in their actions and claims. However, it was also noted that the extent of success largely depends on the willingness and readiness of the government to accountability.

Since 2012 a few achievements have been registered. Bertelsmann Stiftung in this regard noted:

“Over the past two years, there has been a strengthening of Armenia’s civic and community-based organizations. This has been sparked by a political awakening among interest groups and other politically active groups such youth and student clubs, which are no longer content to be politically disenfranchised. This period has also seen the emergence of assertive issue-based interest groups, ranging from environmentalists to social and youth campaigners.”⁵⁴⁷

Notable achievements of civic initiatives are: the Masthotc Park Civic Initiative, “We demand punishment of those who are guilty in Harsnakar case”, “We will not pay 150 drams”, and “*Dem em*”. The most negative example of failure of civil society to hold the government accountable was the case of “Save the closed market”.

The first observed achievement, the Masthotc Park Civic Initiative, started in February of 2012 to protect this park from illegal construction. After a three-month sit-in and various petitions, the construction was stopped and kiosks were removed. This became possible after the visit of President Sargsyan, who advised the mayor of Yerevan publicly, to take measures to return the park to normal.⁵⁴⁸

The second achievement was the campaign entitled ‘We demand punishment of those who are guilty in Harsnakar case’. In this regard, Freedom House in Nations in Transit 2013 noted:

“One of the campaigns that received the most attention began in response to the beating of three army physicians by the guards of Harsnakar, a restaurant owned by leading businessman and ruling party MP Ruben Hayrapetyan. One of the physicians, Vahe Avetyan, died in the hospital from his injuries. Rallies organized by NGOs and widespread media coverage led to the arrest and charging of seven perpetrators. Although Hayrapetyan was not among those charged, he resigned from the parliament and publicly expressed his regret for the incident. Demonstrations gathering over a thousand people demanded that Hayrapetyan be charged as accessory to the crime because he was ultimately responsible for the actions of his guards while they were on duty and had led them to believe his high connections would protect them from punishment.”⁵⁴⁹

Perhaps, the most advocated initiative which gained cross society support, was the “We will not pay 150 drams”. Quite notorious artists participated in this initiative.⁵⁵⁰ This civic initiative started in the summer of 2013, and was about rising prices for public transportation in Yerevan from 100 AMD to 150 AMD. This initiative was successful and the prices were not raised.

However, the most significant initiative in bringing the authorities to account is “*Dem em*”.⁵⁵¹ This initiative was about the unwillingness of the population to participate in the new system of cumulative

547 Bertelsmann Stiftung, *BTI 2014*, 12.

548 Zham.am. *On May 5 the President Will Say. “Dear Taron, It Is Not Nice”*, 2013. www.youtube.com/watch?v=qms2ft_WFE.

549 Aleksandr Iskandaryan, *Nations in Transit 2010: Armenia*.

550 See: www.armenianweekly.com/2013/07/23/yerevantsis-mobilizes-against-price-hikes-in-public-transport/ [Accessed 23 June 2014].

551 All developments on this initiative are available via the following website: <http://dem.am/> [Accessed 23 June 2014].

pensions.⁵⁵² The Law on Cumulative Pensions foresaw that those born after 1974 would be required to participate in this system, which basically meant financial losses in the amount of 5-10 per cent of their gross income. This initiative was organised by a group of young IT specialists in January 2014. The initiative attracted huge support from the population and opposition political parties. The four parliamentary opposition parties united to support the initiative and actually lodged an appeal with the Constitutional Court and challenged the constitutionality of the provision of the Law on Cumulative Pensions. On the 2 April 2014, the Constitutional Court adopted a partially favourable decision. While the mandatory component of the system was delayed for most until 2017, for some categories of people it is still mandatory.⁵⁵³

It can be said that since 2012 some positive developments have taken place, which warrant an increase in the score.

POLICY REFORM

To what extent is civil society actively engaged in policy reform initiatives on anti-corruption?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that POs did not have much involvement in the design of the anti-corruption policy 2003–2007 nor for the second anti-corruption strategy. However, in the latter one, TI AC was involved. It was also mentioned that the current interest of CSOs in anti-corruption policy reforms was high because of the assistance of international donors in anti-corruption. It was observed that CSOs fear to fully utilise their potential and resources for combating corruption and are not assertive in their actions.

Since then a few important developments have occurred. For example, TI AC participated in the drafting of the concept paper on the fight against corruption in the public administration system, which was adopted in the form of a Protocol Decision of the sitting of the government, on 10 April 2014. In addition, the Armenian Young Lawyers Association together with the Freedom of Information Center, are conducting a “Multi-faceted Anti-corruption Promotion” project, which is funded by the EU. This project started in 2014 and it is too soon to assess its effectiveness make observations.

BUSINESS

Summary

The legal framework of Armenia has become more generous to the business environment, as the overall pressure of regulations on business has decreased. At the same time, private companies are affected by corrupt schemes in the judicial system and by frequent government interference. Corruption is considered one of the main impediments for doing business.

The score given for business freedom in Armenia, following the assessment conducted by The Heritage Foundation in 2014 is 68.9, ranking the economy 41 out of 178 countries. This score has

⁵⁵² Asatryan, “The Political Economy of Pension Reform in Armenia,” 2-5.

⁵⁵³ RA Law No. HO-67-N, July 2014.

declined by 0.5 points compared to last year, primarily due to combined deteriorations in investment, business and fiscal freedoms. Armenia is ranked 18 among the 43 countries in the Europe region, and its score is still above world and regional averages.⁵⁵⁴ Armenia has improved its regulatory practices in business, ranking 49 out of 189 countries, according to World Bank's Doing Business 2014 Index.⁵⁵⁵

Integrity in the business environment is not sufficiently ensured by legal provisions or practices.

The private sector is little involved in anti-corruption governmental policies and the relations with civil society are weak and episodic.

Table of indicator scores

Business			
Overall Pillar Score: 38/100			
	Indicator	Law	Practice
Capacity 56/100	Resources	75	50
	Independence	75	25
Governance 44/100	Transparency	75	50
	Accountability	75	25
	Integrity mechanisms	25	25
Role 12.5/100	Anti-corruption policy engagement		25
	Support for/ engagement with civil society		0

STRUCTURE AND ORGANISATION

During 2012–2014, policies were developed and implemented aimed at the removal of the critical constraints to business and the reduction of administrative pressure on the business environment through the implementation of “guillotine”, the review of the regulatory framework relating to the permissive acts and implementation of a one-stop shop in the conduct of entrepreneurial activity.⁵⁵⁶

RESOURCES (LAW)

To what extent does the legal framework offer an enabling environment for the formation and operations of individual businesses?

2012 score – 50

2014 score – 75

The domestic legal framework is under continuous review and amendment, and it still does not ensure a favourable business environment. Armenia was ranked 37 out of 189 in the Doing Business 2014 survey, as a result of the business regulation practices improvement in 2013, compared to the

554 The Heritage Foundation, 2014 Index of Economic Freedom. www.heritage.org/index/ranking [Accessed 27 June 2014].

555 World Bank/ International Finance Corporation, *Doing Business 2014: Armenia* (Washington: The International Bank for Reconstruction and Development / The World Bank, 2013), 10. www.doingbusiness.org/~media/giawb/doing%20business/documents/profiles/country/arm.pdf.

556 See at: www.e-guillotine.am/ and <http://www.regulations.am/> [Accessed 28 June 2014].

previous period. The Index is composed of the scores of several factors that influence the life cycle of companies – the business start-up, conduct and liquidation. The situation in Armenia is presented in the following table.

Factors that influence the life cycle of companies in Armenia

Factors	DB rank in 2012	DB rank in 2014	Change
Starting a business	10	6	↑4
Approach of construction permits	57	79	↓22
Getting electricity	150	109	↑41
Registering the property	5	5	No change
Getting credit	40	42	↓2
Investor protection	97	22	↑75
Payment of taxes	153	103	↑50
Foreign trade	104	117	↓13
Implementation of contracts	91	112	↓13
Resolution of insolvency	62	76	↓14
Average Rank by “Ease of Doing Business” component	55	37	↑18

The 2012 Assessment indicated that the laws governing the formation, operation and insolvency of businesses are conducive, although the process of winding up of the business still remains complicated, long and cumbersome.

Since then, both the new Turnover Tax and Unified Income Tax have become effective. The Turnover tax applies to commercial organisations and individuals (individual entrepreneurs).⁵⁵⁷ It replaces Value Added Tax (VAT) and (or) Corporate Income Tax (CIT) obligations for small and medium sized enterprises. The implementation of Turnover Tax aims to reduce the amount of data to be filed by the taxpayers with the tax authority. The tax rate is differentiated based on the type of income. A taxpayer is not subject to Turnover Tax, if the turnover from the previous calendar year exceeded US\$143,000.

Changes were made in the tax rate of the Withholding Profit Tax for none-residents. Starting from January 2013, income from entrepreneurial activity (excluding passive income and income from freight and insurance) is taxed at a rate of 20 per cent.⁵⁵⁸

The interviews conducted by TIAC with business sector representatives also showed the improvements in the formation of businesses, both of those interviewed were satisfied with tax reforms, and problems in closing down of businesses.⁵⁵⁹

⁵⁵⁷ RA Law on “Turnover Tax”, adopted 19 December 2012 (HO-236).

⁵⁵⁸ RA Law on “Unified Income Tax”, adopted 19 December 2012 (HO-239).

⁵⁵⁹ Interviews of the Coordinator of “Business advocacy network NGO”, Gagik Poghosyan and the President of “SME Cooperation Association” NGO Hakob Avagyan with the representative of TIAC, 3 June 2014.

For the purpose of advancing business competitiveness in Armenia, the government adopted the Law on “Free Economic Zones”.⁵⁶⁰ The law and tax legislation grant exemptions from profit tax, income tax, property taxes, VAT and customs duty payment obligations to companies operating within Free Economic Zones. Currently only one is operational in Armenia.⁵⁶¹

In addition, several governmental Internet portals have been launched to make the regulatory processes more transparent. The government eased several processes for businesses, including better investor protection and the elimination of fees for registering a company. Samples of a business registration documents are also available online.⁵⁶²

Intellectual rights are protected by the Constitution⁵⁶³ and the Civil Code.⁵⁶⁴ The law provides protection of enforcement of contracts and contractual rights through judicial mechanisms.⁵⁶⁵ These provisions apply uniformly to all legal and physical persons. In September 2013 Armenia ratified the Patent Law Treaty and Trademark Law Treaty.⁵⁶⁶

RESOURCES (PRACTICE)

To what extent are individual businesses able in practice to form and operate effectively?

2012 score – 50

2014 score – 50

The business registration procedure is relatively simple with moderate costs in practice. The pressure of regulations on businesses is still very high and property rights, including intellectual property rights, are still not adequately protected in practice.

Armenia has worked to reduce customs burdens and reform the existing customs system. Examples include an online customs declaration system (e-declaration); a traffic light system for inspection of goods entering Armenia; and a reduction in the number of import documents from nine to three.⁵⁶⁷

In regards to customs perceptions, the Tax Perception Survey 2013 by the Caucasus Research Resource Centers (CRRRC) revealed that 79 per cent of businesses consider the practice of benchmark prices imperfect; only 5.8 per cent considered the practice acceptable for Armenia in the current situation.⁵⁶⁸

The business registration processes continue to improve and in general it is a simple process without barriers or limitations. During the observation period Armenia made starting a business easier by establishing a one-stop shop that merged the procedures for name reservation, business registration

560 18 June 2011.

561 In the agricultural sector, in the area adjacent to “Zvartnots” International Airport. Another one is planned to launch in the territory of RAO Mars Closed Joint-Stock Company and Yerevan Research Institute of Mathematical Machines.

562 See: www.e-register.am/am/docs/49 [Accessed 24 June 2014].

563 RA Constitution, Article 31.

564 RA Civil Code, Article 140.

565 Ibid., Chapters 28-30.

566 European Commission, *Joint Staff Working Document: Implementation of the European Neighbourhood Policy in Armenia Progress in 2013 and recommendations for action* (Brussels: EU, 2014), 15. http://eeas.europa.eu/enp/pdf/2014/country-reports/armenia_en.pdf.

567 See: www.globalspc.am/download/Invest_Guide_web.pdf [Accessed 27 June 2014].

568 CRRRC Armenia, *Tax Perceptions Survey in Armenia 2013 (CRRRC Armenia, 2013-2014)*, www.crrc.am/research-and-surveys/completed-projects/Tax-reform-project?lang=en.

and obtaining a tax identification number and by allowing for online company registration. As a result, according to the Doing Business Report 2014, Armenia stands 6 out of 189 economies, on the ease of starting business.⁵⁶⁹ Particularly, Armenia made some progress by:

- Making starting a business easier by eliminating the company registration fees.
- Making paying taxes easier by merging the employee and employer social contributions and individual income tax into one unified income tax.
- Strengthening investor protections by introducing a requirement for shareholder approval of related-party transactions, requiring greater disclosure of such transactions in the annual report and making it easier to sue directors when such transactions are prejudicial.
- Making getting electricity easier by streamlining procedures and reducing connection fees.⁵⁷⁰

Armenia ranks 79 out of 148 in the World Economic Forum's Global Competitiveness Report 2013–2014. Armenia is ranked very low in indicators such as intensity of local competition, effectiveness of anti-monopoly policy, burden of customs procedures, and judicial independence. Other major problematic factors for doing business are corruption, access to financing, inefficient government bureaucracy, tax regulations and rates. As a result, entrepreneurship is low, as evidenced by a low rate of new business registration and a low survival rate of new businesses.

Improvements in these areas could help stimulate growth in the private sector, especially for small and mediums sized enterprises, which could hardly suffer because of a high level of concentration. The interviewees from the CIPE study and TI AC interviewees believe that property rights in Armenia are sufficiently legally codified and soundly formulated, but poorly enforced.⁵⁷¹

According to the 2013 International Property Rights Index:

“From 2009 to 2013, the overall Armenian Intellectual Property Right Index (IPRI) score has increased by 1.7% to a score of 4.6. Armenia's IPRI score increased by 0.2 points between 2012 and 2013. The driving force behind this increase is due to an increase in the Intellectual Property Rights (IPR) component score which improved by 0.4 points to 3.1 from 2.7. The variation in IPR is due to an increase in the Protection of Intellectual Property Rights by 0.6. Furthermore, the Physical Property Rights score increased by 0.4 points. This increase can be attributed to the 0.8 point increase in the item of Protection of Physical Property Rights. Unlike the other components, Legal and Political Environment, has not changed; it has remained stable at a score of 4.2.”⁵⁷²

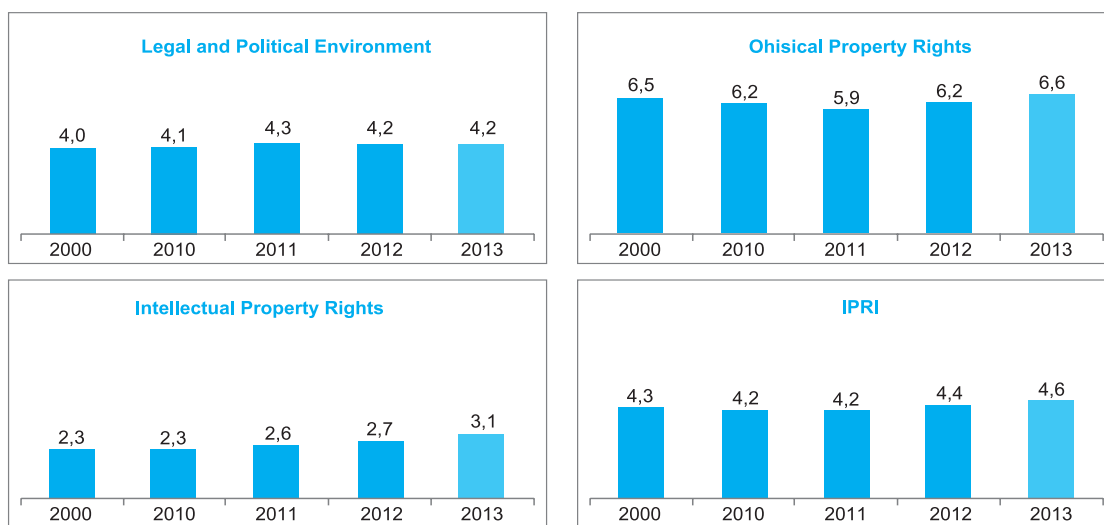
569 World Bank/ International Finance Corporation, *Doing Business 2014: Armenia*, 10.

570 See: www.doingbusiness.org/reforms/overview/economy/armenia [Accessed 24 June 2014].

571 See at: Gagik Poghosian, *Armenia Property Markets Scorecard: Conditions for Small Businesses*, (Center for International Private Enterprise and Association for Foreign Investment and Cooperation, 2011), 12, www.cipe.org/sites/default/files/publication-docs/Report-Armenia_final.pdf; Interviews of the Coordinator of “Business advocacy network NGO”, Gagik Poghosyan and the President of “SME Cooperation Association” NGO Hakob Avagyan with the representative of TI AC, 3 June 2014.

572 <http://www.propertyrightsalliance.org/userfiles/2013%20International%20Property%20Rights%20Index-PRA.pdf>, page 46

The dynamics of the Intellectual Property Right Index in Armenia



Source: www.internationalpropertyrightsindex.org/.

The Heritage Foundation in its 2014 Index of Economic Freedom gave Armenia 41st position. In the section on the rule of law, where there is a point devoted to property rights, the Index mentioned that:

“Corruption plagues such critical areas as tax and customs operations, health, education, and law enforcement. Petty corruption is widespread throughout society, and anti-corruption measures have not been enforced effectively. The judicial system, hobbled by corruption and Soviet-era underdevelopment, impedes the enforcement of contracts. Protection of intellectual property rights is poor, and scores for rule of law are below average overall”.⁵⁷³

Perhaps the best illustration of the current situation is given by Freedom House:

“Citizens have the right to own private property and establish businesses, but an inefficient and often corrupt court system and unfair business competition hinder such activities. Key industries remain in the hands of so-called oligarchs and influential cliques who received preferential treatment in the early stages of privatization. Illegal expropriation of private property by the state is a problem; in 2012, the European Convention on Human Rights found the government guilty of violating property rights in two separate cases, each with multiple plaintiffs; the state was fined a total of 131,000 euros (\$170,000) in damages for both cases”.⁵⁷⁴

Indeed, as noted by Policy Forum Armenia:

“The Global Integrity Scorecard for Armenia shows the stark contrast between the legal framework and its actual implementation. While the former is classified as “strong”, the latter gets a “very weak” score, rendering an overall combined score as “weak””.⁵⁷⁵

573 The Heritage Foundation, *2014 Index of Economic Freedom*.

574 Freedom House, *Freedom in the World 2013: Armenia*.

575 Policy Forum Armenia, *State of the Nation Report*, 9.

Corruption is common among government officials, who are rarely prosecuted or removed for abuse of office. This also creates a serious problem on the law enforcement side.⁵⁷⁶

In summary, while further improvements can be made, the legal framework is generally considered adequate; the problem is how that framework is implemented.

INDEPENDENCE (LAW)

To what extent are there legal safeguards to prevent unwarranted external interference in activities of private businesses?

2012 score – 75

2014 score – 75

The 2012 Assessment indicates that the procedures of inspections and examinations are regulated by the law.

According to Armenian legislation, public officials can interfere in the operations of businesses only through conducting inspections and examinations. The procedures of inspections and examinations are regulated by the Law on Organization and Conduct of Inspections.⁵⁷⁷

The law provides complaint mechanisms to seek redress and/or compensation in case of undue external interference during such inspections. These mechanisms foresee both internal and external (courts) forms of bringing complaints.⁵⁷⁸

TI AC interviews⁵⁷⁹ revealed the fact of external interference in activities of private businesses and the passing of regulations favourable to the government but unfavourable to private businesses. In particular, the Tax Service (being state non-commercial organization) is involved in entrepreneurship activity; import and sales of cash register machines (CRM) using its leverage.

INDEPENDENCE (PRACTICE)

To what extent is the business sector free from unwarranted external interference in its work in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment indicates that the judiciary lacks the necessary level of independence, and in this situation protection of rights remains weak.

Although Armenia is consistently rated as having one of the most open economies among the CIS countries, barriers to competition exist in different sectors, partly because of the characteristics of government contracts, discriminatory rules and inadequate regulations, and particular aspects of market structure.

⁵⁷⁶ Freedom House, *Freedom in the World 2013: Armenia*.

⁵⁷⁷ RA Official Bulletin 2000/14(112), 23 June 2000.

⁵⁷⁸ RA Law on Taxes, article 36.

⁵⁷⁹ Interviews of the Coordinator of “Business advocacy network NGO”, Gagik Poghosyan and the President of “SME Cooperation Association” NGO Hakob Avagyan with the representative of TI AC, 3 June 2014.

The government formally made progress by reducing state interference in business formation and strengthening property rights,⁵⁸⁰ but the inherent existence of dependency on the informal market and the involvement of political actors in business still represent obstacles to a free market.⁵⁸¹

According to the US Commercial Service 2013, powerful officials at the national, district or local level, including members of parliament, acquire direct, partial or indirect control over emerging private companies. Such control is exercised through a hidden partner or through majority ownership of a prosperous private company. This involvement can also be indirect, through close relatives and friends. These practices encourage the creation of monopolies or oligopolies and distort the fight for increased transparency in the private sector. This also raises barriers to new entrants, limits consumer choice, and discourages investments by multinational firms that insist on partnering with politically independent businesses.⁵⁸²

Concerning enforcement of the laws, the situation is generally the same as it is in other fields. The biggest impediment is the existence of oligopolies and government linked businesses, which together with a corrupt judiciary either directly or indirectly leaves a negative impact on the proper functioning of business. Private property is guaranteed by law, but neither legal enforcement nor the judicial system provides adequate protection.

Despite recent changes to simplify the tax administration for small businesses, the actual methods of fiscal revenue collection are perceived by many to be selective, subjective, arbitrary, and unfair. As such, Armenian small entrepreneurs spend enormous amounts of time and effort bypassing the formal system, suppressing and distorting information about their business operations, and hiding assets. This serves as a disincentive to investment and growth in the real estate sector, and keeps funds out of the formal banking sector. Such practices also provide an incentive for bribes by businesses to reduce potential arbitrary tax treatment, leading to additional distortions in the competitive environment.⁵⁸³

According to the Tax Perception Survey 2013, 71.8 per cent of the business taxpayers negatively assess the measures implemented by the government in recent years in the sphere of tax legislation and tax administration as they pertain to the impact on businesses and the business environment. In addition, unfair treatment of different businesses worried the respondents more than the frequent changes in the laws, complex tax procedures, and frequent tax inspections.⁵⁸⁴

Mainly due to the constant level of corruption Armenia performs very poorly in attracting foreign direct investments (FDIs). In particular, since 2011 there is continuous drop in FDI numbers; in 2012 FDI accounted \$567 mln,⁵⁸⁵ a 28 per cent decrease compared to 2011, which was already a signal for problems affecting business environment. In 2013 the negative trend continued; FDI dropped by another 52 per cent and constitute only \$270 mln.

According to Bertelsmann Foundation 2011, Armenia is 62 out of 129 countries by Status Index⁵⁸⁶ and 69 by Management Index.

580 World Bank/ International Finance Corporation, *Doing Business 2014: Armenia*.

581 Bertelsmann Stiftung, *BTI 2014*, 15.

582 US Commercial Service, *Doing Business in Armenia: 2013 Country Commercial Guide for U.S. Companies* (US Commercial Service, 2013), 32, 42. http://www.buyusainfo.net/docs/x_8481630.pdf.

583 Gagik Poghosian, *Armenia Property Markets Scorecard: Conditions for Small Businesses*, 12.

584 See at: CRRRC Armenia, *Tax Perceptions Survey in Armenia 2013*. Negative perceptions are lower in the organisations that use the corporate governance system and regulations, as well as organisations in the manufacturing industry.

585 See: www.ada.am/eng/for-investors/fdi-statistics/foreign-direct-investments-by-countries/ [Accessed 25 June 2014].

586 Political Transformation 72th and Economic Transformation 48th.

In summary, for Armenian business, especially given the small size of the national economy, there is a serious need for the state to tackle monopolies and to further open the economy through transparency and competition. Unfortunately, monopolies still have their role in obstructing the rise and expansion of new firms and businesses. This harms overall job creation and maintains the closed and limited nature of the national economy.⁵⁸⁷

TRANSPARENCY (LAW)

To what extent are there provisions in place to ensure transparency in the activities of the business sector?

2012 score – 75

2014 score – 75

The 2012 Assessment indicated that for certain legal-organisational forms of businesses there are clear legal requirements for external independent auditing and public reporting. Nevertheless, neither the state nor stock exchange require independent audits by an external auditor. There are statutory codes of conduct for accountants, but there are no annual banking inspections, though such inspections are required by law.

A number of legal acts⁵⁸⁸ define the technical requirements for the publication of reports prescribed by law and the violation of these requirements entails liability through legal acts regulating these areas. There are also clear and strict rules of accounting and tax calculation, specific to each legal-organisational form of businesses. In addition, all types of businesses are required to perform an inventory on an annual basis.

According to TI AC interviewees the state is not properly conducting its functions,⁵⁸⁹ this is also confirmed by the CRRC survey.⁵⁹⁰ In particular, according to interviewees the mission of the tax authority should be not only to collect taxes, but also to help taxpayers calculate taxes in compliance with the legislation.

Corruption is institutionalised in Armenia and permeates through all levels of government, including the regulatory bodies.

By law, government officials are banned from engaging in business activities, but in practice they often have extensive business interests, and many parliamentary deputies run companies on the side. Similarly, the Law on the Disclosure of Property and Income of Government Officials is easily circumvented, since the financial statements of these officials are not verified by tax authorities and after even a few years of adoption, it still remains unclear to what extent government officials with high incomes comply with the law. Furthermore, the selective and non-transparent application of tax, customs, and regulatory rules, as well as the weak enforcement of court decisions, increase opportunities for corruption.

587 Bertelsmann Stiftung, *BTI 2014*, 16.

588 See, for example, the Law on Accounting, Law on Taxes, Law on Central Bank, Law on Banks and Banking Activities, Law on Joint Stock Companies, Law on Foundations, etc.

589 Interviews of the Coordinator of “Business advocacy network NGO”, Gagik Poghosyan and the President of “SME Cooperation Association” NGO Hakob Avagyan with the representative of TI AC, 3 June 2014.

590 CRRC- Armenia, *Tax Perceptions in Armenia Household and Enterprise Survey 2013* (CRRC-Armenia, 2013). www.crrc.am/hosting/file/_static_content/projects/Tax%20Reform%20Project/TRP_Report_Eng.pdf

In general, small and medium sized enterprises believe that it is necessary to have personal connections with public officials, in order to run a successful business. Companies surveyed in the GCR 2013-2014, identify tax regulations and inefficient government bureaucracy to be among the most problematic factors for doing business after corruption.⁵⁹¹

TRANSPARENCY (PRACTICE)

To what extent is there transparency in the business sector in practice?

2012 score – 50

2014 score – 50

The 2012 Assessment reported that the www.e-register.am website was launched and provides some limited information, such as the name of the participants of the company, and date and number of the registration of the company. By paying the fixed amount of state fee, it is possible to get immediate access to further information on a target company.

According to the Global Competitiveness Report 2013–2014, the strength of auditing and reporting standards is ranked only 87 among other countries contained in the report.⁵⁹² In the same report, for ethical behaviour of firms Armenia was granted 3.8 points, which ranks Armenia 81 in the world.

The strength of financial auditing and reporting standards together is ineffective. Corporate Social Responsibility is still in a very early stage. As on countering corruption, companies usually do not disclose much.

According to CRRC TPS 2013, respondents indicate the need for providing “better and more accessible information”. As a result, taxpayers receive more information on taxes from each other than from the mass media. This partly can be explained by mistrust; as CRRC TPS 2013 shows, the National Assembly and the government are trusted by 18.1 per cent and 20.3 per cent of the respondents, respectively. The levels of trust toward tax and custom services, as well as the Ministry of Finance, are not particularly high (23.7 per cent, 16.3 per cent and 16.5 per cent, respectively).

ACCOUNTABILITY (LAW)

To what extent are there rules and laws governing oversight of the business sector and governing corporate governance of individual companies?

2012 score – 75

2014 score – 75

The 2012 Assessment indicated that there are clearly defined legal provisions and mechanisms on the establishment of business companies, their governance, as well as the role and functions of their boards, management and owners. In addition, the Inspection on the Regulation of Stocks has serious powers of oversight over joint stock companies.⁵⁹³ It requires from such companies submission of weekly, bi-monthly, monthly, quarterly and annual reports.

591 KnowYourCountry, *Armenia: Risk & Compliance Report* (KnowYourCountry, 2014), 15-16. www.knowyourcountry.com/files/armeniaamlreportaug2014_1_.pdf.

592 Klaus Schwab, *The Global Competitiveness Report 2013–2014*.

593 RA Law on Stock Market, Articles 11, 40, 43 and Chapter 8.

The Law on Stock Market provides that there shall be a stock market oversight body. Such body is a separated department in the structure of the Central Bank of Armenia.

After the adoption of the government Decree on Code of Corporate Governance⁵⁹⁴ the secondary legislation targeting regulation of the internal audit environment was approved in 2012.⁵⁹⁵

Apart from the laws, businesses are endowed with sufficient powers to regulate these issues through their charters.⁵⁹⁶

ACCOUNTABILITY (PRACTICE)

To what extent is there effective corporate governance in companies in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment indicated that Armenia performs poorly with regard to efficiency of corporate boards and implementation of corporate governance provisions.

According to the GCR 2013–2014, in terms of efficacy of corporate boards, Armenia ranks 96 and in terms of protection of minority shareholders' interests 100. TI AC interviews indicated that the implementation of electronic systems in auditing has increased its efficiency.⁵⁹⁷

According to the CRRC Tax Perceptions Survey 2013, only 18.1 per cent of the business taxpayers follow corporative governance regulations. The practice of hiring an external accounting company to calculate taxes (16.3 per cent of the business taxpayers) and/or involving a tax consultant to ensure tax compliance (only 9.3 per cent of the business taxpayers) is at an early stage of development in Armenia.⁵⁹⁸

INTEGRITY MECHANISMS (LAW)

To what extent are there mechanisms in place to ensure the integrity of all those acting in the business sector?

2012 score – 25

2014 score – 25

The 2012 Assessment indicated that there are only certain regulatory provisions on conflicts of interest regarding the management of banks.

594 RA Decision No. 1769 of 30 December 2010. See at: www.mineconomy.am/uploads/MAR-1769.pdf.

595 Order No. 1050-N of 30 November 2012 of the Minister of Finance of the RA "On approving the procedure for establishing the internal audit framework and for describing the functions of the organizations of the public sector of the Republic of Armenia" and Order No. 1096 of 12 December 2012 of the Minister of Finance of the RA "On approving the sample form of internal audit regulation and the characteristics of its preparation".

596 For example, Article 20 of the Law on Banks and Banking Activities provides what shall be regulated by the charter of the bank. In particular, Clause f) of Point 2 of the mentioned paragraph provides that the charter shall define the structure, powers and procedures of decision-making of the bank's governance bodies.

597 Interviews of the Coordinator of "Business advocacy network NGO", Gagik Poghosyan and the President of "SME Cooperation Association" NGO Hakob Avagyan with the representative of TI AC, 3 June 2014.

598 CRRC- Armenia, *Tax Perceptions in Armenia Household and Enterprise Survey 2013*.

According to CRRC Tax Perceptions Survey 2013, only 6 per cent of business taxpayers think that they are involved and can influence the discussions on tax initiatives.⁵⁹⁹

Armenia lacks public-private partnerships legislation. There is the Corporate Governance Code of the RA.⁶⁰⁰ However sector-wide or corporate codes of conduct, anti-corruption codes, and comprehensive regulation of conflict of interest, gifts and entertainment policies together with other ethical issues are absent.

It is worth mentioning that there is no special law containing provisions relating to integrity mechanisms on preventing and combating corruption, in particular there are no provisions relating to the integrity of whistleblowers in the private sector, and their protection when they report corruption.

INTEGRITY MECHANISMS (PRACTICE)

To what extent is the integrity of those working in the business sector ensured in practice?

2012 score – 25

2014 score – 25

The 2012 Assessment noted that despite the fact that Armenian authorities assure that every company has its own policy and sets standards of conduct, including on issues of corruption there is no available data regarding application of those codes.

In its 2012 Annual Report, the Chamber of Control revealed numerous violations of protocol related to government spending in fields ranging from urban development and road construction to educational projects.⁶⁰¹

Anti-monopoly fines increased in 2012. Two of the most notable cases include: the State Commission for Protection of Economic Competition fined the Catherine Group, a fertiliser import company, approximately US\$26,000 for allegedly abusing its position in the market by raising prices; and Armenia's largest network of pharmacies, Natalie Pharm, was fined about US\$130,000 for predatory pricing. However, most of Armenia's largest commodity-based monopolies remain immune to fines. Some markets, especially food, are heavily monopolised, sometimes by just one importer.⁶⁰²

According to the Bertelsmann Transition Report 2014, commodity-based cartels and monopolies pose a serious problem for the country's economic development, especially as the government has failed to introduce a more effective application of anti-monopoly mechanisms, as well as for reduced administrative costs for small and mediums sizes enterprises.⁶⁰³

The total number of corruption cases brought against public officials decreased to 561 in 2012 (634 in 2011), then rocketed to 782 in 2013. On the ethical behaviour of firms and efficacy of corporate

599 Ibid.

600 Approved by the Decision No. 1769 of 30 December 2010.

601 On 29 September 2012, the Chamber of Control investigation led to the arrest of the former head of the State Social Security Service, Vazgen Khachikyan, who allegedly embezzled over US\$600,000 using a complicated scheme involving thousands of false beneficiaries. By year's end, another 42 individuals had been charged in connection with the case and 10 of them had been arrested, including the head of the Department of Pensions, Ashot Abrahamyan, and the former head of the Service of Social Payments, Hovhannes Grigoryan.

602 Aleksandr Iskandaryan, *Nations in Transit 2013: Armenia*.

603 Bertelsmann Stiftung, *BTI 2014*, 15.

boards, the Global Competitiveness Report ranked Armenia 81 and 96, respectively.⁶⁰⁴ These ranks suggest that there are serious problems in those fields.

The TI AC interviews indicated that unfortunately the existing corporate codes of conduct are only on the paper and are not applied in practice and the problem solving should be started at the institutional level.⁶⁰⁵

The development and implementation of codes of professional ethics and codes of conduct for entrepreneurs, as well as a mechanism for monitoring their implementation, would prevent actions giving rise to cases of corruption and fraud. We also propose the development and implementation of specialised training programmes for entrepreneurs in the field of ensuring integrity in the business sector.

ANTI-CORRUPTION POLICY ENGAGEMENT (LAW AND PRACTICE)

To what extent is the business sector active in engaging the domestic government on anti-corruption?

2012 score – 25

2014 score – 25

According to TI AC interviews there were some legislative improvements, which have decreased corruption, but it still remains a problem for businesses.⁶⁰⁶

Unfortunately, there are no cases to show that anti-corruption is on the agenda when large business associations and chamber of commerce meet with the government, or any examples of business associations publicly calling on the government to fight corruption. As for membership to UN Global Compact, Armenia has only 14 business participants to it, of which only seven are active.⁶⁰⁷

SUPPORT FOR/ENGAGEMENT WITH CIVIL SOCIETY (LAW AND PRACTICE)

To what extent does the business sector engage with/provide support to civil society on its task of combating corruption?

2012 score – 0

2014 score – 0

The 2012 Assessment concluded that it is mostly the Armenia diaspora that publicly call for efforts to tackle corruption. Membership to UN Global Compact is still negligible. According to the CRRC Tax Perceptions Survey 2013, business taxpayers do not tend to join professional unions or associations. Only 4.3 per cent are involved in a similar horizontal cooperation. During the observation period no major business-civil society initiatives on combating corruption were reported. The OECD assessment also mentioned a lack of progress in its business integrity direction.⁶⁰⁸ The business sector is not widely engaged in sponsoring civil society.

604 Klaus Schwab, *The Global Competitiveness Report 2013–2014*.

605 Interviews of the Coordinator of “Business advocacy network NGO”, Gagik Poghosyan and the President of “SME Cooperation Association” NGO Hakob Avagyan with the representative of TI AC, 3 June 2014.

606 Ibid.

607 See: www.unglobalcompact.org/participants/search [Accessed 24 June 2014].

608 Anti-Corruption Network for Eastern Europe and Central Asia, *Istanbul Anti-corruption Action Plan – Armenia: Progress Update* (Paris: OECD, 2014). <http://www.oecd.org/corruption/acn/ArmeniaProgressUpdateApril2014ENG.pdf>.

VIII. CONCLUSIONS

This report has provided an analysis of progress concerning 11 pillars of the National Integrity System of Armenia, as well as two new pillars that were assessed for the first time in 2014. It was revealed that strongest pillar in Armenia is the Human Rights Defender, which is an institution with a good legacy and legitimacy. It was also observed that weakness in one institution often results in weakness of another and that for majority of pillars, while the legislation is rather well-developed with adequate standards, the main problem remains the practical performance of institutions.

Below is a chart with key strengths and weaknesses for each pillar:

Pillar	Key strengths
Legislature	Legislation is properly developed
	High level of transparency
	Key weaknesses
	Low level of independence Low level of integrity
President	Key strengths
	Existence of adequate human, financial and technical resources High level of independence
	Key weaknesses
	Moderate level of transparency Low level of accountability
Executive	Key strengths
	High level of transparency
	Key weaknesses
Judiciary	Low level of integrity
	Key strengths
	Strong legislation
	High level of transparency
	Key weaknesses
	Low level of integrity Low level of accountability Low level of independence
Civil service	Key strengths
	High level of transparency
	Good practice in reducing corruption in public procurement
	Key weaknesses
	Low level of independence Low level of accountability

Law enforcement agencies	Key strengths
	Strong legislation
	High level of transparency
	Key weaknesses
	Very low level of corruption prosecution, especially of high-level officials or notable so called “oligarchs”
Central Electoral Commission	Key strengths
	Well-developed legislation
	High level of transparency
	Key weaknesses
	Moderate level of independence
	Limited ability to administer elections properly
Human Rights Defender	Key strengths
	Adequately developed legislation
	High level of independence, accountability and integrity
	Key weaknesses
	No major weaknesses
Chamber of Control	Key strengths
	Strong legislation
	High-level of accountability
	Key weaknesses
	Moderate resources
	Moderate practical independence
Political parties	Key strengths
	High level of integrity in terms of legislation
	Strong legislation
	Key weaknesses
	Lack of effective internal democratic mechanisms
	Almost total absence of accountability towards voters, in terms of reporting
Media	Key strengths
	No strengths
	Key weaknesses
	All aspects.
Civil society	Key strengths
	Strong legislation in terms of securing independence of civil society organisations
	Key weaknesses
	All indicators, except for ability to hold government accountable, which is at a moderate level

Business	Key strengths
	Strong legislation
	Key weaknesses
	Low level of anti-corruption policy engagement

INTERCONNECTIONS BETWEEN PILLARS

The NIS concept assumes that weakness in one of its pillars can have a cross-cutting effect on the whole system. Therefore, it is important to consider how the revealed weaknesses of the pillars are interlinked.

First of all, it must be mentioned that the previous chapters suggest that the major weaknesses are: low level of independence, weak accountability, and limited integrity. In this regard, it must be also mentioned that those pillars whose heads are appointed by Parliament and have weak reporting requirements to Parliament, under this analysis registered better results: Human Rights Defender and Chamber of Control. It comes to show, that even in cases when the Parliament is dominated by one political party, still it is a more productive way of appointment than direct appointment by other state institutions. In contrast, where the president appointed the head on the recommendation of the prime minister, some of the weakest results were found, such as in the civil service. However, an interesting exception was the Central Electoral Commission, whose members are appointed by the president, and three other actors: the Human Rights Defender, the head of Chamber of Advocates and the head of Cassation's Court. It is needless to mention that an enhanced, independent parliament with diverse representation can have a fundamental impact on other pillars.

The second important observation is that vulnerability of the media and civil society, the two most important “watchdog” pillars, affects all the pillars. These two pillars need to undergo fundamental strengthening to be able to successfully conduct their mission. The reforms in this field must also relate to respective legislative frameworks.

Following these two most important observations below is a short synthesis of the interplay between weaknesses of pillars.

The most important weakness of the parliament is its low independence, which is the direct result of having one political party dominating it. The situation would be different if the political culture in Armenia were different and political parties were representative and accountable towards their members and had effective democratic mechanisms for electing their own leaders. The weaknesses of political parties results in a parliament majority, which approves the vast majority of draft bills of government. The lack of independence is also conditioned by the inability of Central Electoral Commission to organise elections that would be viewed as fair and accepted as legitimate by participants.

Another major weakness of parliament is its low level of integrity, which is caused by the presence of so called “oligarchs” and MPs that continue to engage in entrepreneurial activities. While accepting that a strong media and civil society would assist in exposing and confronting this situation, the main cause of this situation is the lack of independence in the law enforcement agencies, which makes it difficult to bring MPs or high-level public officials to justice.

Turning attention to president, the main weakness is the low level of accountability and transparency. The problem of accountability is twofold: first it is a constitutional problem resulting from the constitutional design of Armenia's political conjuncture, and second it is connected with the low level of independence of the parliament.

The main weakness in the executive is its the lack of integrity, which is conditioned by the weaknesses of parliament (independence) and the law enforcement agencies.

The low level of independence demonstrated by the judiciary is conditioned by the fact that judges are appointed by the president and do not have any reporting duties to any actor or society at large. It is also almost impossible of bringing judges to justice, and this is also partially affected by the low level of independence and other weaknesses of law enforcement agencies.

The weakness of the civil service is mainly due to the low level of independence of the Civil Service Council, members of which are appointed by the president, on the recommendation of the prime minister. No other actors are involved in the appointment process of the members of the Council. In addition, the media and civil society fail to pay professional attention to the work of the civil service.

The low level of corruption prosecution by law enforcement agencies is conditioned by its own limited accountability both internally, to the parliament and to other actors. In other words, it is indirectly caused by a weak parliament.

The inability of the Central Electoral Commission to organise and conduct proper and fair elections is caused by the weaknesses of law enforcement agencies and the judiciary as well as by low levels accountability especially toward parliament.

The low level of independence of the Chamber of Control is also attributable to the fact that the majority of members of the Council of the Chamber of Control are directly appointed by the president, in other words it is caused by overreach of the president.

The weakness of political parties, in terms of the lack of effective internal democratic mechanisms, is caused by many factors, such as lack of donations by business to finance political parties, which would raise the demand side inside political parties. Another reason is the lack of resources of civil society to conduct fundamental research in this field and to make respective advocacy campaigns for improving the conduct political parties.

While in the case of business, the main problem remains the existence of monopolies, which are caused by the existence of so called "oligarchs" resulting from weak law enforcement agencies and a weak judiciary.

CHALLENGES AHEAD

The two main watchdogs civil society and the media are extremely weak and need fundamental reforms. If these were strengthened, together with Human Rights Defender, they could promote reforms and changes in all the other pillars.

It is urgent to ensure that the judiciary is seen to render justice impartially. For this it is essential either

to fundamentally renew the personnel of the judicial corps or to introduce effective jury trials, after respective Constitutional reforms. A strong judiciary can act as a catalyst for challenging and changing other pillars.

It is true, that it is impossible to have corruption free “sector” in countries where corruption is perceived as high throughout. However, the logic of the NIS, as shown above, is that positive changes in one pillar can have a cross-cutting impact. A fair and effective justice system can have a direct effect on elections (except for cases which are subjected to the Constitutional Court).

As for the Constitutional Court, there is a need to move all powers of appointment to the parliament and provide all factions present a substantial voice, and require consensus across parties for each candidate. In this case, the Constitutional Court would have more independence.

IX. RECOMMENDATIONS

Legislature

1. To consider making amendments and alterations into the Charter of the Staff of the NA, in order to provide clear legal requirements on conducting “needs based” targeted training for members of staff.
2. To increase the level of accountability of MPs by introducing mandatory reporting requirements to their constituencies and the public (e.g. why they voted for/against the bills). The same suggestion concerns political parties present in parliament.
3. To introduce clear requirements on “expedient law-making”, providing the list of grounds without the possibility to enlarge it voluntarily (e.g. “in cases decided by the NA”).
4. To provide standing committees the right to draft legislation.
5. To eliminate the practice of MPs engaging in business activities: to introduce administrative liability for such actions as well as against those who are aware of such practices but do not report them.
6. To make the practice of parliamentary hearings more transparent and inclusive.
7. To increase the practice of establishing temporary committees and provide them with adequate investigative functions. To introduce the duty of the NA to form a temporary committee, within a one-month period, in cases where citizens make a significant petition.

President

1. To undertake respective constitutional changes with the aim of securing for the president the role of impartial arbiter between the three branches of the government. In this regard, it is essential that the president be banned from representing any political party, or serving more than one term.
2. To undertake measures for securing the transparency and accountability of the Oversight Service of the President, such as annual public reporting.
3. To limit the power of the president to appoint judges based on the list of candidacies acceptable to him. The appointment of judges by the president should have a purely ceremonial character.

Executive

1. To adopt an anti-corruption strategy with clear and attainable targets.
2. To stipulate clear requirements on publishing the minutes of the government’s meetings.
3. To reform data collection systems within the government.
4. To take steps to make a reality the distinction between business and high-level public officials. To introduce administrative liability for such types of actions as well against those who are aware of such practices but do not report them.
5. To increase the level of reporting culture by the government, by adopting a mandatory circular order by the prime minister for all the ministers to report quarterly, and for the prime minister to also report quarterly.

6. To adopt a special law on public consultations between the government and ministries with civil society.

Judiciary

1. To make respective alterations in the Judicial Code with the aim of making the process of confirming the lists of candidates by the president mandatory, without the right to return the list or to confirm it with those candidates who are acceptable to him/her.
2. To consider measures of introducing trial by jury in Armenia to bring legitimacy to judicial processes and to create trust in society towards the judiciary.
3. To take measures to study the possibility of introducing elected judges in the first instance courts of general jurisdiction. This would require redesigning the constitutional structure of judiciary.

Civil service

1. To make the civil service attractive by providing more competitive working conditions.
2. To redefine the process of appointment of the Civil Service Council by granting the National Assembly and civil society a voice in the appointment procedure.
3. To take active measures to safeguard civil servants from political pressure during national elections.
4. To initiate partnership programmes with civil society organisations, as well as the private sector to combat corruption.
5. Take active measures in advocating for the fight against corruption by civil servants.

Law enforcement agencies

1. To introduce comprehensive legislation for the proper protection of whistleblowers both in the public and private sectors.
2. To shift the focus of prosecuting low or mid-level corrupt officials to high-level officials, in order to create certain trust in society towards the effectiveness of the corruption fight.
3. To improve statistical data collection and publication of the Prosecutor General's Office, in order to have timely published statistics.
4. To enhance prosecution of corruption offenses, in view of the fact that the results of the first half of 2013 were extremely low.
5. To draft legal mechanisms with an aim of involving the parliament and the community of lawyers (Chamber of Advocates and domestic legal scholars) in the process of appointment the head and deputies of the Investigation Committee.
6. To provide necessary investigative tools to the Special Investigative Service under the Law Operative-Investigative Activities.

Central Electoral Commission

1. To amend the electoral legislation to safeguard publication of voter lists after an election, in order to mitigate against multiple voting and ballot stuffing, and to provide civil society oversight of the process.
2. To amend the legislation to allow voters, groups of voters, NGOs conducting observation to appeal electoral violations and advocate for public interest electoral reforms.
3. To ensure comprehensive, thorough and independent investigations by electoral

commissions, judicial and law enforcement bodies.

4. To reintroduce mechanisms for citizens residing abroad to exercise their electoral rights.
5. To ensure that proxies, observers and media representatives not be held liable on artificial grounds for their expressed opinions about the elections.

Human Rights Defender

1. To adopt necessary amendments and alterations into the respective legislation, in order to ensure that those bodies subject to observations in the reports of the Human Rights Defender, are legally obligated to answer EACH of observations during a 30 days period and that answers must be publicly available on the website of the respective state bodies.
2. To secure sustainability of financial resources of the Human Rights Defender by taking multifaceted approach (state budget, international donor organisations).
3. To make the website of the Human Rights Defender user-friendly and with part of so called top 10 human rights violations of the month based on the publications of the media.

Chamber of Control

1. To make the Chamber more independent, by considering providing constitutional immunities for the members of the Chamber and altering the relevant legislation with the aim of removal of vague grounds for resignation by members of the Chamber.
2. To amend legislation with the aim of stipulating concrete timeframes of posting the responses of other state and municipal bodies to the findings of the Chamber.
3. To take adequate steps and reform the legislation to increase organisational and financial independence of the Chamber.
4. To take steps for providing staff of the Chamber with “needs based” training.

Political parties

1. To amend the legislation with clear mechanisms for calculating the value of donations provided in the form of work and services
2. To ensure independence of political parties by considering constitutional changes. Currently it is only the president who has the right to bring a petition to the Constitutional Court for banning a political party.
3. To change the current scheme of public financing of political parties by granting sufficient financing for political parties in parliament.
4. To reconsider the requirement of having members in all regions of the country in order to qualify as a political party.
5. To amend the legislation with clear requirements for all political parties to draft and present annual reports on their activities.

Media

1. To establish an elected Media Ombudsman and in this regard make the necessary constitutional changes. The candidacy of the Media Ombudsman should be proposed by the Human Rights Defender and should be elected by the parliament for a five-year term. The Media Ombudsman should deal with complaints from the public against media entities and the National Commission on Television and Radio, as well to act as a grievance channel for journalists who face censorship.

2. To amend the relevant legislation to introduce Rules of Ethics for journalists and heads of media entities; violations of which should be sanctioned by fines. To make respective amendments and alterations into Administrative Code of Delinquencies.
3. To ensure independence of the NCTR. With this aim To also establish a Public Council attached to the NCTR, which is able to make recommendations to be considered by the NCTR. The Council should have the right to demand monthly meetings with the NCTR by notifying seven days in advance. The meetings should be open to the public. The Council should be composed of those representatives of the media who are perceived as independent in society and enjoy public trust. Members of the Council should be appointed by the Human Rights Defender.
4. To study the best practice of libel suits by the members of the judiciary with an aim to adjust the legal practice of Armenia with the best practice.
5. To make the licensing procedure for TV and radio broadcast more transparent.

Civil society

1. To allow CSOs to run business activities to ensure financial sustainability, by making respective legal amendments and alterations.
2. To recognise the right of CSOs to bring *qui tam* claims to courts, provided that the claims have direct link with the mission of CSOs, under their charters.
3. To make respective amendments and alterations in the tax legislation with the aim of easing the taxation of CSOs. Currently, CSO are taxed as for-profit organisations.
4. To facilitate the adoption of the law on volunteers, to boost the dynamic development of civil society.

Business

1. To undertake respective legislative measures with the aim of easing the procedure of closing down a business.
2. To ensure equal application of tax and customs legislation between oligarchs and regular businesses (“horizontal fairness of taxation”).
3. To introduce a legal framework regarding public-private partnerships (PPP), which can increase the attractiveness of the business environment especially for diaspora investments.
4. To raise awareness by government on integrity in business, corporate responsibility and PPPs. To improve the legal framework for whistleblower protection.
5. To consider improving transparency in the relationship between politicians and business by disclosing the agenda and the register of visits of MPs and high-ranking officials.
6. To develop a dialogue between the government and the private sector on prevention of corruption and further involve the private sector in the development and simplification of business legislation and proper implementation.

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DATES OF INTERVIEWS

1. Interview of Deputy Chief of Staff – Head of Secretariat, Tatul Soghomonyan with the representative of TI AC, 11 June 2014.
2. Interview of former Member of Parliament, Armen Martirosyan, with the representative of TI AC, 10 June 2014.
3. Interview of former MP, Styopa Safaryan, with the representative of TI AC, 13 June 2014.
4. Interview of the Chairman of the Central Electoral Commission of Armenia, Mr Tigran Mukuchyan, 10 April 2014.
5. Interview of the Director of the Caucasus Institute, Alexander Iskandaryan, with the representative of TI AC, Yerevan, 1 July 2014.
6. Interview of the Director of the Civic Development and Partnership Foundation, Armen

- Ghalumyan, with the representative of TI AC, 13 June 2014.
7. Interview of the Expert of Armenian Center of Strategic and National Studies, Edgar Vardanyan, with the representative of TI AC, 25 June 2014.
 8. Interview of the Head of Armenian Helsinki Committee, Avetik Ishkanyan, with the representative of TI AC, 19 June 2014.
 9. Interview of the Head of Civil Service Council, Manvel Badalyan with the representative of TIAC, 6 June 2014.
 10. Interview of the Head of Journalists Club “Asparez”, Levon Barseghyan with the representative of TI AC, 5 June 2014.
 11. Interview of the Head of the International Department of the Staff of the Chamber, Karen Arustamyan, with the representative of the TI AC, 3 July 2014.
 12. Interview of the incumbent MP, Tevan Poghosyan, with the representative of TI AC, 11 June 2014.
 13. Interview of the member of the Committee to Protect Freedom of Information, Ashot Melikyan, with the representative of TI AC, 16 June 2014.
 14. Interview of the President of “Protection of Rights without Borders” NGO, Haykuhi Harutyunyan with the representative of TI AC, 17 June 2014.
 15. Interviews of the Coordinator of “Business Advocacy Network NGO”, Gagik Poghosyan, 3 June 2014.
 16. Interview of the President of “SME Cooperaiton Association” NGO Hakob Avagyan with the representative of TI Ac, 12 June 2014
 17. Interview of the member of the Public Council of the Republic of Armenia, Hovhannes Hovhannisyan with the representative of TI AC, 24 June 2014
 18. Intervei of the head of Legal Analysis department within the staff of the Ombudsman of the Republic of Armenia, Arman Vardevanyan, 14 June 2014
 19. Anonymous interview for the pillar of the Ombudsman of the Republic of Armenia, 23 June 2014

QUERIES

Response of NA Chief of Staff- Secretary General to the TIAC’s official query, April 11, 2014.

Response of RA Control Chamber to TI AC’s official query, April 14, 2014.

Response of RA Government Staff to TI AC’s official query, April 3, 2014.

Response of RA Judicial Department to TI AC’s official query, June 19, 2014.

Response of RA Special Investigative Service to TI AC’s official query, April 2, 2014.

Response of the Civil Service Council to TI AC’s official query, April 9, 2014.

Response of the General Prosecutor’s Office to TI AC’s official query, April 11, 2014.

Response of the Office to the President of the RA to the TI AC’s official query, April 3, 2014.