

## 7.4 Europe and Central Asia

### Armenia

**Corruption Perceptions Index 2007: 3.0 (99th out of 180 countries)**

#### Conventions

Council of Europe Civil Law Convention on Corruption (signed February 2004; ratified January 2005)

Council of Europe Criminal Law Convention on Corruption (signed May 2003; ratified January 2006)

UN Convention against Corruption (signed May 2005; ratified March 2007)

UN Convention against Transnational Organized Crime (signed November 2001; ratified July 2003)

#### Legal and institutional changes

- Armenia's anti-corruption policy is based on the **Anti-Corruption Strategy Programme and Action Plan**, adopted by the government in November 2003. Improvements to the establishing documents are critical to the fight against corruption, since their primary focus was the passage of legislation rather than the introduction of efficient enforcement measures. The main anti-corruption institutions are an Anti-Corruption Council – headed by the prime minister – and the Anti-Corruption Strategy Monitoring Commission, established in June 2004 to strengthen the implementation of anti-corruption policy.<sup>1</sup> These institutions scarcely

functioned in 2006–7, although they were supposed to meet twice-quarterly and monthly, respectively. The post of head of the monitoring commission lay vacant for three months after Bagrat Yesayan, an adviser to President Robert Kocharyan, was removed in June 2006 to become deputy minister of education and science. Amalia Kostanyan, chair of the Center for Regional Development (CRD), TI's Armenia chapter, resigned from the monitoring commission in February 2007,<sup>2</sup> arguing that the anti-corruption programme had failed and corruption had become 'more politicised and large-scale'.<sup>3</sup> These concerns were also reflected in the World Bank report 'Anticorruption in Transition 3: Who is Succeeding . . . and

1 RA President Decree NH-100, 1 June 2004.

2 CRD/TI Armenia, 'CRD/TI Armenia Informs', letter of resignation, 20 February 2007; available at [www.transparency.am/news\\_storage.php?month=2+2007](http://www.transparency.am/news_storage.php?month=2+2007).

3 *ArmeniaLiberty.org* (Armenia), 17 October 2006.

Why?', which pointed to increasing bribery in certain areas, including tax and customs.<sup>4</sup>

- In December 2006 the government **submitted a report to the OECD's Anti-Corruption Network (ACN)** for Eastern Europe and Central Asia. This report was on the implementation of twenty-four expert recommendations by the OECD to improve Armenia's anti-corruption policies and institutions.<sup>5</sup> The sixth OECD Monitoring Meeting in December 2006 highlighted a number of positive aspects, including strengthening money-laundering controls and improved integrity in public service. It also noted that the number of convictions for corruption was low, however, especially of senior officials; the declaration of assets by public officials required greater transparency; and cooperation between law enforcement and financial control institutions needed improvement.<sup>6</sup>
- An **Anti-Corruption Public Reception opened in Yerevan in April 2007** with the assistance of the Organization for Security and Co-operation in Europe's (OSCE's) office in Yerevan. Citizens are given free legal, procedural and practical advice concerning corruption by a coalition of fourteen civil society groups involved in anti-corruption work. Similar receptions also operate in Lori and Gegharkunik regions.

### Political party finance and the May 2007 election

Political activity in Armenia has focused squarely on the legislative election of 12 May 2007. Since Armenia committed to the European Neighbourhood Policy in 2004, free, fair and trans-

parent elections have been considered critical to building common values with neighbouring states. Stronger democratic processes are also a condition for continuation of the Millennium Challenge Account, a five-year assistance programme, aimed at reducing rural poverty, worth US\$236 million.

In December 2006 and February 2007 the National Assembly revised the Electoral Code based on the recommendations of the Council of Europe's Venice Commission and the OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR).<sup>7</sup> The changes included increasing the number of seats determined by political party lists, compared to those by majority vote; strengthening the procedures for nominating members of the Central Electoral Commission; improving the distribution of tasks within election commissions; abolishing the recall of election commission members; reducing bureaucratic procedures for election observation missions; strengthening the role of proxies; regulating video recording; improving voting and counting procedures; and cancelling the right to vote of Armenians living outside the national borders.

OSCE/ODIHR and the Venice Commission evaluated the changes as positive steps towards an adequate legal framework, but reported that loopholes remained in the legislation that allowed corruption to flourish. In the opinion of certain local and international experts, the Electoral Code does not sufficiently regulate political party finances prior to the start of campaigns. In particular, there is no clear distinction between 'pre-election campaign' and 'political advertis-

4 J. Anderson and C. Gray, 'Anti-corruption in Transition 3: Who Is Succeeding . . . and Why?' (Washington, DC: World Bank, 2006).

5 OECD ACN, 'Istanbul Anti-corruption Action Plan for Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, the Russian Federation, Tajikistan and Ukraine, Review of Legal and Institutional Framework for Fighting Corruption – Armenia: Summary Assessment and Recommendations' (Paris: OECD ACN, 2004).

6 OECD ACN, 'Istanbul Anti-Corruption Action Plan for Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, the Russian Federation, Tajikistan and Ukraine – Armenia: Monitoring Report', (Paris: OECD ACN, 2006).

7 See [www.venice.coe.int/site/dynamics/N\\_Country\\_ef.asp?C=42&L=E](http://www.venice.coe.int/site/dynamics/N_Country_ef.asp?C=42&L=E).

ing', providing significant opportunities for infringements, which prove difficult to identify.<sup>8</sup>

Legal reforms were accompanied by other activities aimed at ensuring free and fair elections. Voters' lists were verified with the help of the International Foundation for Electoral Systems. Training for members of electoral commissions was organised by the International Institute for Democracy and Electoral Assistance. The Council of Europe, OSCE, UNDP and the American Bar Association's Europe and Eurasia Program contributed to projects aimed at building capacity, including publishing a manual on election legislation and raising citizens' awareness of their rights and the voting process through televised public service announcements. The election process was monitored by more than 500 long- and short-term international observers and 13,000 local monitors.<sup>9</sup>

Despite these multiple efforts aimed at ensuring a more democratic process, the 2007 election was accompanied by corrupt practices that were more sophisticated than in previous elections. Monitoring work throughout the year revealed violations of freedom of expression, freedom of assembly and association, and the right to privacy.<sup>10</sup> The institutions responsible for ensuring fair elections, such as electoral commissions,

the police and prosecutor's offices, failed to perform their duties effectively. Despite improvement to voters' lists, numerous instances of multiple voting were still identified.<sup>11</sup> There was evidence that employees of state institutions had been pressured to vote for certain political parties.<sup>12</sup>

Control over state institutions, the mass media and administrative resources created unfair conditions for opposition parties. Civil servants campaigned in working hours, both before and during the official campaign period, in violation of article 22 of the Electoral Code.<sup>13</sup> Representatives of local and regional government actively intervened in the electoral processes. It was reported that the murder or attempted murder of officials, the beating of demonstrators and journalists, the bugging of offices and raids on the homes of opposition leaders generated an atmosphere of fear among voters.<sup>14</sup>

The elections demonstrated that vote-buying has become institutionalised in Armenia. Bribery occurred before and during the election campaign through the free distribution of agricultural products or television sets by so-called charities loyal to leading politicians and parties, and also by gifts of money to citizens in exchange for their vote.<sup>15</sup>

8 CRD/TI Armenia, press release, 31 May 2007. See also OSCE/ODIHR International Election Observation Mission, 'Statement of Preliminary Findings and Conclusions', 13 May 2007.

9 See [www.elections.am/?go=aj2007&lan=e](http://www.elections.am/?go=aj2007&lan=e).

10 Yerevan Press Club, 'Monitoring of Democratic Reforms in Armenia' (Yerevan: Yerevan Press Club and Open Society Institute, 2006).

11 A1+ (Armenia), 13 May 2007.

12 *Armenia Now*, 18 May 2007. See also, Helsinki Citizens' Assembly Vanadzor Office (HCAV), 'Report on the Results of Observation Mission of Parliamentary Elections on May 12 2007' (Vanadzor, Armenia: HCAV, 2007).

13 Yerevan Press Club, 'Monitoring the Armenian Media Coverage of Parliamentary Elections 2007', (Yerevan: Yerevan Press Club and Open Society Institute, 2007). See also OSCE/ODIHR International Election Observation Mission, 2007.

14 Partnership for Open Society Statement, 14 May 2007, available at [www.partnership.am/docs.php?Lang=E&ID=76](http://www.partnership.am/docs.php?Lang=E&ID=76).

15 "'It's Your Choice" NGO's Observation Mission of the May 12, 2007 National Assembly Elections in Armenia' (Yerevan: It's Your Choice, 2007). See also HCAV, 2007.

In spite of generally positive reviews of the training of electoral commissions, voter education, the computerised registration of voters and the extensive media coverage, preliminary and interim reports of the International Election Observation Mission highlighted major concerns during the election.<sup>16</sup> These included gaps in the regulatory framework; the domination of electoral commissions by members of the ruling Armenian Republican Party, the Armenian Revolutionary Federation 'Dashnaktsutyun' and presidential appointees; the manipulation of vote-counting procedures; discrepancies between protocols and tabulated results; and the late announcement of results. The same discrepancies were highlighted in reports by local observers.<sup>17</sup>

According to the preliminary results of CRD/TI Armenia, monitoring of political party campaign finances revealed that the two political parties that won the majority of the proportional seats – the Armenian Republican Party and the Prosperous Armenia Party (forty-one and eighteen seats out of ninety, respectively) – exceeded the D60 million (US\$178,000) limit set by the Electoral Code. The two parties spent D79.1 million and D129.6 million on campaign materials and events, respectively.<sup>18</sup> In June 2007 these data were submitted to the Constitutional Court by two opposition parties that questioned the fairness of the elections. The court dismissed it as evidence of violations, but admitted that deficiencies remained in the legislation and called for further improvements.<sup>19</sup>

## Broadcast media under strict control

The majority of Armenians receive their information from television, while the print media have a less significant role.<sup>20</sup> The existence of independent and pluralistic broadcast media is therefore of critical importance in ensuring democratic development.

Though Armenia has a number of laws guaranteeing access to information, including the Law on Freedom of Information 2003 and the Law on Mass Media 2003, certain trends, mainly associated with the Law on Television and Radio 2000, restrict those liberties and lead to corruption.<sup>21</sup> For example, the Council of the Public Television and Radio Company (PTRC) is appointed by the president and thus naturally reflects the government's political agenda. Until 2007 the president also appointed all the members of the regulatory body of the private broadcast media, the National Commission on Television and Radio (NCTR), which was established to ensure fair competition in the broadcast media.<sup>22</sup>

The tender of broadcast frequencies is not transparent, as it is subject to the NCTR's discretion and guided by political interests rather than the requirements of law. Although the legislation allows the engagement of NGO experts in the assessment of applications,<sup>23</sup> the NCTR has rejected the applications of several media organisations seeking to engage in the process. Furthermore, although the law sets out criteria for awarding frequencies, they are unclear, and

16 OSCE/ODIHR, 'International Election Observation Mission, Interim Report no. 2, 29 March–17 April 2007'; 'Interim Report no. 3, 18 April–2 May 2007'; 'Statement of Preliminary Findings and Conclusions, 13 May 2007'; and 'Post Election Interim Report no. 1, 13–22 May 2007'.

17 '“It's Your Choice Final Report”' (Yerevan: It's Your Choice, 2007); HCAV, 2007; and Yerevan Press Club, 2007.

18 *Armenia Now*, 25 May 2007.

19 Decision of the Constitutional Court of RA no. SDV-703 from 10 June 2007.

20 CRD/TI Armenia and UNDP, '2006 Corruption Perceptions in Armenia' (Yerevan: CRD/TI Armenia and UNDP).

21 Yerevan Press Club, 'Monitoring of Democratic Reforms in Armenia' (Yerevan: Yerevan Press Club and Open Society Institute, 2005).

22 This provision was modified in February 2007.

23 Law on Procedures of the National Commission on Television and Radio, article 26.

award decisions appear subjective and not justified under the law. The most famous example is the independent and successful television company A1+, which was deprived of airtime in 2002 and since then has been rejected various other frequencies as many as ten times, often losing to unknown companies.<sup>24</sup>

There is also inadequate oversight of compliance with laws and licence terms, and the punishment for violations is discretionary. Such practices affect free competition in the broadcast media and restrict freedom of speech. Constitutional amendments in November 2005 were partially designed to ensure more freedom for the NCTR to promote more pluralism in the broadcast media.<sup>25</sup> It was expected that the government would also amend the Law on Television and Radio in accordance with the amended constitution. This was not the case, however. In September 2006 the government produced a hasty draft amendment to the law, which was discussed neither with stakeholder organisations nor with the relevant parliamentary committee. Five media NGOs – including the Yerevan Press Club, Internews of Armenia, the Association of Journalists of Armenia, the Committee for the Protection of Free Speech and the Asparez Journalists' Club – expressed serious concerns over the implications for freedom of expression. In particular, the amendment provided for the PTRC Council's continued dependence on the president. The draft was discussed at an extraordinary session of the National Assembly on 27 September 2006 and voted on at a regular session on 3 October, but it did not pass. Only after it was rejected did discussions with relevant stakeholders finally begin.

The law was finally changed in February 2007 in accordance with the amended constitution. It provides that a half of the NCTR members are to be appointed by the president and the others by the National Assembly. The president is still expected to retain control for a few more years, however, as it could take six years to achieve this fifty-fifty ratio. The current members of the commission will continue to serve in their positions until their terms expire or their powers are terminated before the end of their term.<sup>26</sup> Terms for three of the members expired in March 2007, and one month later the president reappointed two members. Grigor Amalyan, the former chairman of NCTR, whose name was associated with numerous rejections of A1+, was reappointed and re-elected chairman, thus ensuring continuity of the current policy.<sup>27</sup> Earlier, in February 2007, the president had reappointed to the PTRC Council Alexan Harutyunyan, who the other members then re-elected chairman.<sup>28</sup>

Control of the broadcast media had a significant impact on the pre-election campaign of several parties and candidates. Some opposition parties were almost entirely deprived of airtime before the official campaign. Though public TV and other state-controlled broadcast outlets offered more balanced coverage during the actual campaign, it did not compensate for the previous damage.<sup>29</sup>

## Survey results

According to a nationwide perception survey by the CRD/TI Armenia in 2006, 74.3 per cent of respondents considered the government's anti-corruption policy ineffective. Only 15.6 per cent were aware of the existence of the

24 Yerevan Press Club, 2006.

25 Constitution of the Republic of Armenia, article 83.2.

26 Yerevan Press Club, 2006.

27 Yerevan Press Club, newsletter, 6–12 April 2007.

28 Yerevan Press Club, newsletter, 2–8 February 2007.

29 Yerevan Press Club, 2007 ('Monitoring the Armenian Media Coverage').

Anti-Corruption Council and 8.6 per cent of the Anti-Corruption Strategy Monitoring Commission. The majority of interviewees thought the main causes of corruption were poor law enforcement (94 per cent), public tolerance of corruption (87.8 per cent) and inadequate control and punishment mechanisms (87.7 per cent). Nearly all respondents (93.9 per cent) thought that strengthening law enforcement was key to reducing corruption: 91.9 per cent highlighted punishment of those involved in corruption, and 91.3 per cent suggested promoting public awareness on citizens' rights and obligations.<sup>30</sup>

### The rise of Lake Sevan

Lake Sevan is the largest freshwater reservoir in the Caucasus, and a crucial habitat for aquatic and migratory bird species. The water level started falling in the 1930s, however, due to overuse through power generation, irrigation and the drainage of surrounding wetlands. The level decreased by over 19 metres, resulting in further deterioration of water quality and loss of biodiversity. A variety of interventions have been launched to raise the level of the lake, including the construction of tunnels to divert rivers,<sup>31</sup> the adoption of a special Law on Lake Sevan in 2001 and a corresponding rehabilitation plan. The latter set a target of raising the water level by 6 metres within thirty years, in order to re-establish the ecological balance and prevent environmental catastrophe.<sup>32</sup>

The ongoing measures to save the lake have been accompanied by increased pressure from vested

interests, seeking to use it for recreational purposes. Despite restrictions on lakeside development, the shores are cluttered with illegal buildings. Among the major developers are senior government officials and politicians.<sup>33</sup> In the early 2000s, when the amount of rainfall unexpectedly raised the water level in Lake Sevan by 2.44 metres in six years, the government began to reconsider the 6-metre target and introduced the notion of paying compensation to the illegal developers for damage to their property.<sup>34</sup>

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### Further reading

- J. Anderson and C. Gray, 'Anti-corruption in Transition 3: Who Is Succeeding . . . and Why?' (Washington, DC: World Bank, 2006).
- CRD/TI Armenia and UNDP, '2006 Corruption Perceptions in Armenia' (Yerevan: CRD/TI Armenia and UNDP, 2006).
- European Bank for Reconstruction and Development (EBRD) and World Bank, 'Business Environment and Enterprise Performance Survey' (London: EBRD and World Bank, 1999, 2002 and 2005).
- A. Kostanyan and V. Hoktanyan, 'National Integrity System TI Country Study Report of Armenia 2004' (Yerevan: CRD/TI Armenia, 2004).
- 'Anti-corruption Policy in Armenia' (Yerevan: CRD/TI Armenia, 2006).
- TI Armenia: [www.transparency.am](http://www.transparency.am).

<sup>30</sup> CRD/TI Armenia and UNDP, 2006.

<sup>31</sup> UN Economic Commission for Europe (UNECE) and Armenian Ministry of Nature Protection, 'National Report on the State of the Environment in Armenia 2002' (Yerevan: UNECE, 2003).

<sup>32</sup> *Armenia Now*, 15 December 2006.

<sup>33</sup> For further details on compensation for illegal developers, see *Armenia Now*, 29 June 2007.

<sup>34</sup> For details of increases in water level, see [www.armeniapedia.org/index.php?title=Lake\\_Sevan\\_water\\_level](http://www.armeniapedia.org/index.php?title=Lake_Sevan_water_level).