

Armenia

by Alexander Iskandaryan

Capital: Yerevan
Population: 3.1 million
GNI/capita, PPP: US\$5,660

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	5.50	5.75	5.75	5.75	5.75	5.50	5.75	5.75	5.75	5.75
Civil Society	3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75
Independent Media	5.00	5.25	5.50	5.50	5.75	5.75	6.00	6.00	6.00	6.00
Governance*	4.75	4.75	n/a							
National Democratic Governance	n/a	n/a	5.00	5.00	5.25	5.25	5.75	5.75	5.75	5.75
Local Democratic Governance	n/a	n/a	5.50	5.50	5.50	5.50	5.50	5.50	5.75	5.75
Judicial Framework and Independence	5.00	5.00	5.25	5.00	5.00	5.25	5.50	5.50	5.50	5.50
Corruption	5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50	5.50	5.25
Democracy Score	4.92	5.00	5.18	5.14	5.21	5.21	5.39	5.39	5.43	5.39

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The first years following Armenia's independence from the USSR in 1991 were extremely turbulent. War with neighboring Azerbaijan, a transportation blockade that left landlocked Armenia with just two open borders (one with war-torn Georgia and the other with Iran), and an energy crisis all contributed to the country's economic collapse in the early 1990s. In the mid-nineties, Armenia began to recover economically but the unresolved territorial conflict and blockade by Azerbaijan and Turkey have remained to this day.

Abrupt economic restructuring and a decline in living standards in Armenia's post-Soviet economy have caused social frustration and political apathy. 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. Results of every national election since 1995 have been challenged by the opposition, which, as a result, does not recognize the legitimacy of Armenia's parliament, president, or constitution, and remains personality-driven and passive between elections. Social polarization deepened after mass protests following the 2008 presidential election were dispersed by police and army forces, leaving ten dead and up to two hundred wounded. After being hit hard by the economic crisis, the country's economy started growing again in 2010 but progress has been too slow to genuinely improve living standards.

In 2011, Armenia's politics were driven by preparations for the 2012 parliamentary and 2013 presidential elections, which are seen as crucial tests for the country's political system. This election cycle will gauge the will and ability of the ruling coalition and the opposition to accept each other's legitimacy. In order to allow for fair competition in the parliament, both sides must combat the culture of administrative manipulations and political radicalism. In 2011, the coalition and the opposition initiated a dialogue to discuss conditions for the Armenian National Congress's participation in the elections and mutual recognition of the election results. While the dialogue enabled the release of all persons arrested in connection with the 2008 postelection unrest, its impact on governance cannot be truly tested until the upcoming parliamentary elections in May 2012. Economic recovery from the global recession remained slow, though tax collection improved and the government made important inroads in its anticorruption agenda.

National Democratic Governance. In 2011, government and opposition entered a dialogue to address political fallout from the last presidential elections. However, several incidents during the year caused the opposition to temporarily withdraw from the negotiations, which limited their impact. As the dialogue did not yield tangible results in balancing political forces in 2011, *Armenia's national democratic governance rating remains at 5.75.*

Electoral Process. Armenia has a record of tarnished elections and postelectoral unrest, as a result of which trust in electoral institutions and procedures remains low. Local elections in March 2011 were uneventful, accompanied by the usual reports of fraud. Meanwhile, preparations for the upcoming 2012 elections tested the will and ability of both the ruling coalition and the opposition to reach agreement on electoral reforms. On 24 and 26 May, parliament amended the electoral code with changes drafted in consultation with the Venice Commission. Free and fair elections in 2012 will depend on the implementation of amendments to the electoral code well ahead of the elections and in collaboration with the Parliamentary Assembly of the Council of Europe (PACE). *Armenia's electoral process rating remains unchanged at 5.75.*

Civil Society. Armenian nongovernmental organizations operate in a generally favorable legislative climate and are respected in society. Civil society continued to be active in 2011 and made increasing use of social media to spread awareness about important campaigns in the sphere of human rights, environmental protection, and social justice. For the moment, however, the impact of such public advocacy on government policy remains limited. *Armenia's civil society rating remains unchanged at 3.75.*

Independent Media. Internet penetration rose sharply in 2011, resulting in increased access to a rapidly growing number of online media perceived as more independent and trustworthy than traditional print or broadcast sources. Although defamation was decriminalized in 2010, the fines for slander and insult prescribed by the civil code are exorbitant for the country's struggling print media. *Armenia's independent media rating remains unchanged at 6.00.*

Local Democratic Governance. Armenia's local self-government bodies are weak and poorly funded. Plans to increase the financial and managerial potential of communities by merging them into larger entities remained in the drafting stage. The mayor of Yerevan, Karen Karapetyan, undertook several steps in 2011 apparently aimed at combating corruption and improving city infrastructure. *Armenia's local democratic governance rating remains unchanged at 5.75.*

Judicial Framework and Independence. Several reforms of the judicial system were launched in 2011, beginning with the reform of notary services. All remaining persons jailed in connection with the March 2008 postelection unrest were released in advance of the 2012 parliamentary elections. Abuse of conscripts in the army and detainees in police custody came under increased public scrutiny. *Armenia's judicial framework and independence rating remains unchanged at 5.50.*

Corruption. In 2011, the government took concrete steps to fulfill longstanding and often repeated promises to confront corruption. E-government services reduced opportunities for bribery, while new regulations and stricter enforcement

led to higher numbers of corruption lawsuits and fines against senior officials and large companies. Owing to a more consolidated government effort to eradicate corruption, *Armenia's corruption rating improves from 5.50 to 5.25.*

Outlook for 2012. There is hope that the parliamentary election held in 2012 will constitute an improvement over previous elections because both coalition and opposition have shown some willingness to cooperate for the sake of a smooth electoral process. Much will depend on whether the Armenian National Congress, the main opposition group outside parliament, accepts election results and begins to work from within the parliament. Economic progress is crucial for improving the public mood and stemming mass emigration. The conflict over Nagorno-Karabakh will likely continue to stagnate.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.00	5.00	5.25	5.25	5.75	5.75	5.75	5.75

Armenia's political system operates on the basis of consensus among elite groups that control economic and political resources. Society has little leverage over legislative processes or political decisionmaking; consequently, trust in governing institutions is very low. Results of every national election since 1995 have been challenged by the opposition, which is personality-driven and passive between elections. Postelection unrest is a regular occurrence, though the events of 2008 represented a dramatic escalation in both the scale of protests and the brutality of the government's response. One-third of Armenia's population lives below the poverty level.

In 2011, political forces actively regrouped in preparation for the May 2012 parliamentary elections and the presidential elections in February 2013, which will once again test the country's governance system. The main political event of the year was the start of a dialogue between the authorities and the Armenian National Congress (ANC), a coalition of 13 non-parliamentary opposition parties that was the driving force behind mass protests in 2008. The ANC is led by Armenia's first president, Levon Ter-Petrossian, and remains the institutionalized center of social protest in Armenia, denying the legitimacy of all pillars of governance—from the constitution to the parliament. On 31 March, the ANC announced that it was willing to denounce political radicalism and enter a dialogue with the authorities on the condition that the government lift the 2008 ban on protests in Liberty Square, release all persons held in connection with the March 2008 events, and resume investigations into those events. The government lifted the ban on rallies in Liberty Square in March and gradually released persons arrested in connection with the March 2008 events in the spring, until finally granting a general amnesty on 26 May. Investigations into the arrests made during the March 2008 events were reopened on presidential order, but no substantial progress was made on these cases in 2011. With the ANC's conditions sufficiently met, the first meeting of the dialogue was held on 18 June.

Despite the establishment of the dialogue, the ANC held more than 20 protest rallies in 2011, which after the lifting of the ban in March took place in Liberty Square. Participation in these rallies was relatively small, probably due to the fact that the new negotiations with the authorities conflicted with ANC's usually radical rhetoric, alienating its core supporters. On 26 August, the ANC suspended the dialogue after one of its activists, Tigran Arakelyan, was arrested for assaulting a police officer. On 30 September, the ANC staged a sit-in in Liberty

Square, erecting about seventy tents to appeal for Arakelyan's release, in addition to early parliamentary elections, amendments to the election code, demonstrative progress into the investigations of the March 2008 events, and a number of other demands. The ANC ended the sit-in a week later, claiming that the demonstrations had fulfilled their purpose, even though none of their demands had been met. The dialogue resumed and continued throughout 2011.

Meanwhile, international pressure on the Armenian government to engage in reconciliation over the events of March 2008 continued. On 5 October, the Council of Europe Parliamentary Assembly (PACE) passed Resolution 1837 on "The Functioning of Democratic Institutions in Armenia," which addresses the March 2008 postelection unrest and the Armenian government's actions in connection with it. Although it refrains from using the term "political prisoners," the resolution welcomes resumed investigations into the arrest of opposition activists as well as the amnesty and the opposition's constructive response to the government's steps to fulfill PACE recommendations.¹ The passing of the resolution was preceded by a report from the Council of Europe (CoE) commissioner for human rights, Thomas Hammarberg, in which he welcomed the efforts of the Armenian government to remedy structural deficiencies revealed by the March 2008 events by conducting reforms of the police, the judiciary, and other institutions.² Some opposition actors condemned PACE and Hammarberg for ignoring the government's responsibility in the ten deaths that occurred during those events.³

Several shocking cases of abuse and hazing in the armed forces attracted public attention in 2011. On 26 August, Aghasi Abramyan, a soldier enlisted in the army, was taken to the hospital with multiple injuries and died an hour after his arrival. Although senior army officials insisted the injuries leading to his death had resulted from an accident, several officers and another soldier were arrested during the investigation. On 8 September, the head of the Standing Parliament Committee on Defense, Security, and Interior, Hrayr Karapetyan, announced that a reform of the military was being discussed, which would take into account alternative civilian service, soldiers' health, and providing soldiers with mobile phones in order to enable them to report abuse when it happens. In September, Defense Minister Seyran Oghanyan also met with the parents of men who had died during army service in peace time and assured them all incidents were being investigated. In late September, the parents also met with members of parliament, defense ministry officials, and the ombudsman. In an effort to increase transparency, the Ministry of Defense established a public council for handling complaints of abuse in the military and drew up plans to appoint a military ombudsman. Military Prosecutor Armen Khachatryan was dismissed in 2011 and replaced with Gevork Kostanyan, who more proactively criticized the chief of the general staff of the Armenian Armed Forces for abuse in the army.

Armenia's relations with Azerbaijan and Turkey continued to stagnate in 2011. The only minor success in negotiations was reached on 5 March, when the presidents of Armenia and Azerbaijan met in Sochi with the mediation of Russia's president. Both sides agreed to the exchange of prisoners, which was carried out during the

year. As in 2010, the Turkish parliament declined to review the 2009 Armenian-Turkish Protocols and reconciliation with Armenia has become a domestic policy issue in Turkey with Azerbaijan adding pressure to oppose it. In Armenia, many influential parties also reject efforts towards reconciliation mostly due to Turkey's reluctance to recognize the Armenian Genocide.

The delimitation of the Armenia-Georgia land border continued during the year. While 60 percent of the border was drawn by 2007, the delimitation process has since stalled with just 71 percent (160 out of 225 km) agreed upon by the end of 2011.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.75	5.75	5.75	5.75	5.50	5.75	5.75	5.75	5.75

Parliamentary elections in May 2012 will challenge the authorities to prove the sincerity of their commitment to conduct free and fair elections as well as their ability to reform the electoral system that has been wrought with fraud for the last two decades. Armenia's strong incentives to integrate with Europe and the possibility of achieving associative membership in the European Union (EU) in the short-term motivated the Armenian government to take steps to implement electoral reform in line with European recommendations in 2011.

On 24 and 26 May, the parliament adopted electoral code amendments drafted in consultation with the Venice Commission. One of the main changes in the new code concerns the Central Elections Commission (CEC) and district commissions, which will no longer be formed by political parties but will be nominated by the ombudsman, the Chamber of Advocates, and the Cassation Court, subject to the approval of the president. In precinct commissions, party representation will remain but all parliament factions (of which there are currently five) will be equally represented regardless of the size of each faction. In October, Deputy Secretary of the Venice Commission Simona Granata-Menghini praised these changes, but stressed the paramount importance of their practical implementation.⁴ PACE also welcomed the adoption of the new code and particularly the fact that it was drafted well in advance of Armenia's 2012 elections. PACE urged Armenian authorities to address all recommendations and shortcomings contained in the Venice Commission's forthcoming opinion of the adopted code and called on all political forces to play their role in ensuring free and fair elections with special attention to strengthening public trust in the electoral process and its results.⁵ The leading opposition forces both in and outside parliament—the Armenian Revolutionary Federation Dashnaksutyun and the Armenian National Congress—criticized the new code, insisting that it still left room for electoral fraud on the part of the authorities.

On 17 February, the three-party coalition composed of the Republican Party, Prosperous Armenia, and Rule of Law party signed an agreement confirming

the coalition's unity and intention to nominate the incumbent president, Serzh Sargsyan, as its candidate in the 2013 presidential elections. The agreement also explicitly stipulated that all three parties would refrain from promoting themselves at the expense of their coalition partners. Nevertheless, a rivalry emerged during the year between the two main coalition parties, the ruling Republican Party and Prosperous Armenia, as each party attempted to win voter sympathy and establish its political dominance. Prosperous Armenia, which is led by one of Armenia's wealthiest businessmen, Gagik Tsarukyan, primarily represents the interests of Tsarukyan's business group. Tsarukyan needs his party to win a sufficient number of votes in the parliamentary poll in order to safeguard his place in national politics, regardless of any changes in the administration that may come as a result of 2012 parliamentary and 2013 presidential elections. While the ruling Republican Party has privileged access to administrative resources, it is poorly consolidated, consisting of several competing business groups, some of which support other parties. Throughout the year, the coalition members competed for public support, demonstrating that political rivalry is not limited to the conflict between the extra-parliamentary opposition parties and the ruling coalition.

Local elections were held in 2011 in communities with populations of 20,000 or less. As in previous elections, fraud involving voter lists was noted. On 7 March, the results of the elections for mayor and Council of Aldermen in the Daranak village in the Gegharkunik region were ruled null and void by the district electoral commission on the grounds that the number of voters registered in the village had increased by one-third, just a few days before the election. Local elections received little media coverage; one exception was the November mayoral election in Ijevan, in which the incumbent Republican Party mayor, Varuzhan Nersisyan, lost to a candidate from Prosperous Armenia, Vardan Galumyan. Nersisyan accused Galumyan of bribing voters and ordered the police to question his deputies. The charges were not corroborated, but the incident again reflects the burgeoning rivalry between members of the ruling coalition.

On 9 September, Garegin Nazaryan, who had led the CEC since 2003, died of a heart attack at the age of 50. Ten days later, Tigran Mukuchyan, a skilled lawyer and former head of the Administrative Court of Appeals, was appointed as his replacement.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75

Armenia's civil society is vibrant and the number of registered organizations is growing. By mid-2011, the number of nongovernmental organizations (NGOs) in Armenia had grown by 9 percent compared with the previous year, reaching a total of 4,383, including 3,649 public organizations and 734 foundations.⁶

Several major civil society campaigns were organized in 2011 that focused on environmental issues and made use of social media as an advocacy tool. One of the most prominent environmental campaigns aimed to save the landmark Trchkan waterfall in the Lori province, endangered by the construction of a nearby hydropower plant. A Facebook campaign launched in the summer spread rapidly, eventually turning into an ongoing sit-in, with protesters setting up tents at the site of the intended construction. By November, protesters succeeded in pressuring the government to cancel the plant's construction and grant the waterfall protective status as a nature reserve.⁷ Two other key examples of environmental activism focused on the mining industry. The Kajaran community in Syunik region protested the expansion of a copper and molybdenum mining area, whose construction was planned on the grounds of the local cemetery and church. Tensions caused the mayor of Kajaran to resign from his post and leave the ruling Republican Party at the end of 2011 because regional authorities reportedly pressured him to grant the expansion, despite public protest. Demonstrations also continued in 2011 to protect the Teghut forest in the Lori province, which environmentalists say is endangered by a nearby copper mine. The protests received some opposition from local residents as 170 of the 870 villagers living in Teghut are employed by the mine, which promises to create more jobs.⁸

In April, a legal amendment intended to combat widespread abuse of maternity allowance sparked a number of protests led by educated, professional women. Under the amended law, the size of a woman's maternity allowance remains tied to her salary, but the maximum amount now limited to about US\$412 per month (at the end of 2011, the average monthly salary was US\$300). Opponents of the amendment argued that it disadvantaged well-paid mothers, without improving the plight of low-earning ones.

On 9 June, human rights activists and organizations addressed an open letter to President Sargsyan, demanding reforms to ensure transparency and prevent abuse in the army. Human rights activists and parents of victims organized numerous protests in the second half of the year to raise awareness about abuse in the army and the large numbers of accidents and suicides. Various officials, including the defense minister, the minister of justice and the mayor of Yerevan, met with protesters to discuss investigations into soldiers' deaths and ways to prevent such incidents in the future. On 5 October, the civil initiative "We Won't Stay Mum" posted a video on YouTube showing a soldier, who ended up in a psychiatric ward, with his father recounting the story of how abuse in the military damaged his son's mental health.⁹ Pressure from civil society caused the military prosecutor to order an investigation into the abuse of power or failure to use power in cases of abuse in the military. According to Chief Military Prosecutor Gevork Kostanyan, 20 soldiers died from non-combat related incidences in 2011, including suicide, abuse, disease, and accidents, down from 43 such cases in 2010.¹⁰

Workers at the Armenian Nuclear Power Plant in Metsamor, which was managed by the Russian company Unified Energy System (UES), went on strike in September, demanding a 50 percent salary increase. When UES fired all workers

participating in the strike, the Armenian Ministry of Energy and Natural Resources responded by canceling the management contract with UES and re-hiring the strikers with a 10 percent raise.

The office of the ombudsman, though politically neutral in theory, is not widely perceived as a truly independent institution and appointments to the post are often politicized. In 2011 both opposition parties in parliament, Dashnaktsutyun and Heritage, boycotted the session in which the new ombudsman Karen Andreassyan was elected with 83 votes against 13.

In 2011, nationalist organizations were passive and had little visibility. The anti-Turkish sentiment that had grown in 2008 at the height of government efforts to normalize Armenia-Turkey relations subsided in 2011.¹¹

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.00	5.25	5.50	5.50	5.75	5.75	6.00	6.00	6.00	6.00

Armenia's print media are pluralistic if not strong, with a growing online community serving as the main arena for a free flow of opinion and information. However, broadcast media, especially television, are subject to nontransparent licensing procedures and significant pressure from government and economic interests. For these reasons, many journalists and civil society activists disputed Armenia's improved rank in the 2011 Media Sustainability Index.¹²

The 2010 licensing competition conducted in connection with a planned transition to digital broadcasting was heavily criticized by domestic and international actors, who noted that many licensing decisions appeared politically motivated. The bid of the opposition-oriented A1+ station (off the air since 2001) was rejected, as was that of Gala TV, a regional station that regularly criticizes the government. Also rejected was the bid of ALM, a television station operated by a media holding company owned by controversial pundit Tigran Karapetyan, the leader of an extra-parliamentary political party. On 21 February 2011, A1+'s owners filed a suit against the National Broadcasting Commission (NBC), demanding annulment of the 2010 licensing competition results. On the same day, the Committee to Protect Freedom of Expression (CPFE) requested copies of the application packages submitted to the NBC by all television stations that took part in the 2010 tender. The NBC agreed to disclose the packages only in part, excluding material that may contain commercial secrets. The CPFE filed a complaint to the Administrative Court for the release of the full information, but lost its case on September 27. Despite having lost the 2010 tender, Gala TV, like all regional stations, is permitted to continue broadcasting until 2015.

Internet penetration in Armenia has risen sharply in the last four years—from 6.2 percent in 2008 to 37 percent in 2011—with a corresponding surge in the popularity and number of online media sources.¹³ By the end of 2011, over 400 Armenian online newsmedia sites were in operation. Online media are increasingly

trusted as a more independent news source than traditional media. Over 10,000 people in Armenia have blogs, including the prime minister and a few other top officials.¹⁴

Media access to government agencies improved in 2011, as officials increased the amount of public information published on websites and began interacting more with journalists. In the Global Competitiveness Index 2011–2012, Armenia was ranked 35th among 142 countries for transparency in state politics, compared to 53rd out of 139 the year before.¹⁵ However, according to the Freedom of Information Council of Armenia, between January and September 2011 official agencies still ignored or refused to answer over 40 percent of the information requests.¹⁶ In April, the procedural rules of the parliament were amended to require streaming of all sessions on the parliament's website, effective 1 January 2012.¹⁷ In May, the prosecutor's office began holding "open door" events for the media, specifically in connection with investigations of the March 2008 postelection unrest.

According to CPFE, violence against journalists decreased in 2011 with three incidents reported in the first nine months of 2011, compared to eight incidents reported during the same period in 2010.¹⁸ However, several violent attacks in 2011 raised concerns about the safety of journalists. For the third time in five years the car of Lori TV's editor-in-chief, Narine Avetisyan, was set on fire. Lori TV is known for its independent, critical reports on local government and business, and Avetisyan believes the attacks on her property are intended to intimidate her out of investigative journalism.¹⁹

On the recommendation of the Council of Europe, Armenia decriminalized libel in May 2010. Since then, civil defamation suits have become increasingly popular. By the end of 2011, there were over ten open defamation lawsuits against the media, mostly filed by public officials. The size of the proposed fines (up to US\$8,000) is potentially ruinous to Armenia's print media, which already struggle to sustain themselves financially. On 9 May, a report by CoE Commissioner Thomas Hammarberg welcomed the decriminalization of libel and insult but expressed concerns about the introduction of high monetary fines for insult and defamation and the increase of cases brought against media outlets on this basis.²⁰ In October 2011, Ombudsman Karen Andreasyan appealed to Armenia's Constitutional Court, asking it to assess the amendment's compliance with the constitution. On 15 November, the court ruled the amendment constitutional, but recommended a number of approaches to its practical application in order to ensure meaningful interpretation of its provisions. According to the Constitutional Court, fines should be proportional to the financial means of the defendant. The court also clarified that critical assessment or evaluation of facts should not constitute grounds for a defamation suit, and non-material compensation in the form of refutation or apology should be preferred at all times. It remains to be seen whether court judges will heed these recommendations.

A Council for Information Disputes was established by the ombudsman's office in 2011, with EU support. Composed of representatives of the media and civil society, the council reviews disputes involving issues such as libel, defamation,

copyright infringement, plagiarism, and the media. Whenever possible, the council recommends out-of-court settlements, including settlements via the Observatory Body on Ethics. Although the Observatory Body achieves several out-of-court settlements a year, it is often unable to prevent lawsuits from financially crippling some media, especially when a lack of cooperation from plaintiffs or defendants causes cases to drag out over extended periods.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.50	5.50	5.50	5.50	5.50	5.50	5.75	5.75

Armenia is subdivided into 10 regions and 915 communities. Regional governors administer the regions, while self-government bodies manage the communities. Each community has a representative body called the Council of Aldermen, with 5 to 15 members, and an executive body (municipality) led by the Community Head (equivalent to a mayor). Aldermen and Community Heads are elected via public ballot for three-year terms. Community Heads are accountable to the Council of Aldermen, which can approve laws, although implementation procedures are often lacking. While Aldermen and Community Heads are nominally independent, in practice the centrally appointed regional governors have significant political and financial influence over local leaders. Little authority is left to local governance bodies, which often lack transparency, accountability, a clear understanding of the division of powers, and adequate human resources. Despite constitutional amendments in 2005 that consolidated the independence of local self-governance bodies, no improvements have been visible in practice.

The scarcity of local budgets is a key concern of the self-governance system, especially in small communities. Because community budgets are funded by local taxes with modest subsidies from the central government, local taxes are too small to enable small communities to implement meaningful projects. Since 2009, the Ministry of Territorial Administration of Armenia has been making plans to merge communities in order to increase their financial and managerial potential. On 10 November 2011, the government adopted a concept for the enlargement of communities and began planning practical steps for reducing the number of communities to about 200 nationwide.

In 2011, United Nations experts took part in amending the 2008 Concept on the Development of Armenia's Regions, which prescribes harmonious development of communities and increased subsidies to poor municipalities. A new body was subsequently established to supervise the efficiency of local government expenditures. In June, Counterpart International and the United States Agency for International Development (USAID) announced a three-year, US\$15 million program for the development of forty-three local communities. The first forum of village communities was held on 10 October in Jermuk, bringing together over 300 representatives of local governments and regional administrations to discuss

environmental concerns, water and energy consumption, construction and new technologies. On 29 June Yerevan also hosted a congress of local self-government in Council of Europe member states, and a conference on “Migration as a Challenge to Local and Regional Authorities,” which involved over 70 participants. Both these events are usually held in Strasbourg but were conducted in Yerevan at the invitation of the Armenian government as a pledge of the country’s commitment to developing local self-government.

Over one-third of Armenia’s population lives in the capital city, Yerevan. The mayor of Yerevan, Karen Karapetyan, undertook several steps in 2011 apparently aimed at combating corruption and improving city infrastructure. In November 2011, Yerevan residents began paying real estate taxes online, which is expected to reduce corruption risks associated with the handling of paper tax forms. From mid-January on, a number of municipality employees—including the adviser on sports and the heads of the sports, culture, and administrative department—were fired, reportedly in connection with corrupt practices. In the name of public health and safety, Mayor Karapetyan also implemented a 2004 bill banning street vendors, tearing down 243 kiosks in January 2011 and making plans to dismantle another 2,550. At risk of losing their only source of income, street vendors organized rallies to protest the ban in mid-January, which continued through the year. The ANC and Heritage endorsed the protests, whose cause was used in slogans in early March opposition rallies commemorating the 1 March 2008 postelection events. The mayor met with protesters on 7 February to discuss the plight of street vendors, but no compromise was reached. Instead, municipal authorities built several hundred small shops and markets to replace the kiosks. On 27 October Karapetyan left his mayoral post to become the first vice president of the Russian energy giant, Gazprom, where he had worked prior to his election. On 15 November, the Council of Aldermen elected Karapetyan’s deputy, Taron Margaryan (son of the late prime minister Andranik Margaryan) as Yerevan’s new mayor.

Engagement of women in local governance and politics remains low. Women usually lead small communities in remote areas, often on the borders, in which financial resources are scarce and income is low.²¹ The small increase in female representation that was noted in 2009–10 did not continue in 2011.²² Armenia’s only female governor, Lida Nanyan, stepped down in 2010 due to a reported conflict with the influential mayor of Gyumri, the capital of Shirak region and Armenia’s second-largest city.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.00	5.00	5.25	5.00	5.00	5.25	5.50	5.50	5.50	5.50

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. In 2011 the country continued to work on strengthening its judicial system, with

support from the EU and the World Bank, which began its Second Judicial Reform Project in Armenia in February 2011. Several reforms of the judicial system were launched during the year, beginning with the reform of notary services.

A new minister of justice, Hrayr Tovmasyan, was appointed in early 2011. Tovmasyan, who has a doctorate in law but no previous experience in administration, is considered one of the “young technocrats” in Tigran Sargsyan’s government. Tovmasyan’s first step upon taking office was to monitor and reform the notary service. Starting in January, he conducted audits and monitored the work of notary offices, which uncovered corruption and a general lack of discipline. At a government meeting on 21 April, Prime Minister Tigran Sargsyan said that according to recent audits, the notary system was similar to an “oligopoly,” where regulations prevent the opening of new notary offices, and citizens are charged 2–3 times the correct amount for notary services. On 21 May, the head of the notary department at the Ministry of Justice, Mariam Gaboyan, and his entire department were dismissed. A new controlling inspectorate was established, and the authority of the European Integration Department at the Ministry of Justice was increased. Amendments to the Law on Notary Services came into force on 15 June, simplifying procedures for the registration of notaries.²³ On 11 August, the government ruled that notaries must be equipped with cash registers and issue standard receipts in order to ensure that citizens are not overcharged and taxes are paid.

A new criminal procedure code was drafted in 2011 and will be adopted in early 2012. Proposed provisions would require judges to hold pre-trial hearings in order to determine whether the prosecution’s evidence has been legally obtained, and oblige police to testify at trials rather than submitting written reports.

On 10 March, the director of the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR), Janez Lenarčič visited Armenia to discuss democratic reforms and review the implementation of recommendations made in the ODIHR report on the trials of those implicated in the 2008 postelection violence. Stressing the importance of further judicial reform, Lenarčič welcomed the progress made on establishing a new criminal procedure code, but highlighted the need for limiting pre-trial detention in favor of alternative measures of restraint and stepping up efforts to prevent torture and other ill-treatment in custody. He said that Armenia has made significant progress in reforming its legal framework, but the practical implementation of laws remains a challenge.²⁴

At the start of 2011, eleven persons jailed in connection with the 2008 post-election unrest were still in custody. In anticipation of the 2012 parliamentary elections, they were all released during the year, but gradually, over a period of several months. Five opposition activists were released in March and April; four more were released (with 396 other prisoners) as part of a general amnesty to commemorate the 20th anniversary of the country’s independence; the two remaining opposition activist prisoners were released in June.²⁵

On 9 August, ANC activist Tigran Arakelyan was detained for interfering with the work of a policeman, who was asking a person in the street for their

identification. Arakelyan was charged with assaulting a police officer and remained in jail until the end of 2011. This was his third arrest on a similar charge. The ANC reacted with protests and the incident caused another temporary suspension of opposition dialogue with the authorities.

March 2011 saw the first arrest of an Armenian senior police official, Police Major General Hovhannes Tamamyan, a former head of the police criminal investigations unit. Tamamyan was charged with abuse of office after it was revealed that evidence in a murder investigation under his supervision was deliberately distorted, resulting in the indictment of an innocent man. The case was ongoing at year's end, with Tamamyan remaining in custody.²⁶

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50	5.50	5.25

The current government has highlighted anticorruption measures and reform as top priorities since its appointment in 2008. However, tangible results of these promises were largely invisible until 2011, when the government undertook several key steps to combat graft.

A new Law on Procurement entered into force on 1 January 2011. The Law on Public Service was also adopted in May, which will require high-ranking public officials and their relatives to submit income and property declarations starting in 2012. The Commission on Ethics of Senior Public Officials—to be established next year—will review the declarations. A study from the Freedom of Information Center revealed outstanding income disparities between government officials and average Armenians.²⁷ The biggest earner in 2010 was Minister of Health Harutyun Kushkyan—with an income of US\$907,000—followed by Minister of Environmental Protection Aram Harutyunyan, who earned US\$300,000. The combined 2010 incomes of seventeen ministers totaled over US\$1.5 million, while the average yearly income in Armenia remains US\$3,600.

Several senior officials were arrested on corruption charges in 2011. Road police chief and second-in-command of the police department, Colonel Margar Ohanyan, was arrested on 30 August on charges of abusing office and stealing large quantities of state property. Together with several senior police officers, Ohanyan is accused of forging reports and receipts in order to steal 156,000 liters of car fuel. The overall number of corruption lawsuits in 2011 was 634, or 50 percent more than in 2008.²⁸

The State Committee on the Protection of Economic Competition stepped up activities in 2011 to prevent further monopolization of the economy. A new Law on Protection of Economic Competition was adopted on 12 April, prescribing severe penalties for abuse of monopoly. In 2011, the state committee imposed 198 fines (compared to 30 or fewer in previous years), totaling 375 million Armenian drams (about US\$1 million), a tenfold increase from 2010.²⁹ Large companies

fined for attempts to abuse monopoly power included the Lusakert Poultry Factory, Mokonat, ArmRosGazProm, and the Electric Networks of Armenia. In November-December, Armenia's leading dairy producers were fined for using coconut oil, dried milk, and other substances in their dairy products without warning customers. The country's second largest importer, Alex-Grig Company, was fined for monopolizing imports of some goods, like sugar, and for importing below-standard vodka and other food items.

In early 2011, the process of granting business licenses was simplified to reduce corruption risks. New regulations reduce the number of business activities requiring licensing from 169 to 96. For 12 of these activities, licenses may be applied for online; for the rest, licenses are issued at public offices using a new computerized system. Additionally, the timeline for the registration of businesses was reduced from 20 to 5 days.³⁰ The new rules are expected to put an end to the common practice of officials offering expedited services in exchange for a bribe. On 1 April, a website was launched for registering businesses online, replacing the previous procedure, which required visits to six official bodies.³¹ Tax reports can also be submitted and signed online.

The government has also launched several other websites that increase access to information online. The website E-gov.am publishes state budget expenditures online, while the judicial portal Datalex.am publishes all court verdicts. A new public information website, *Azdarar.am*, was launched in May, and posts job vacancies, court rulings and other official documents.

On 1 September, President Sargsyan signed a decree establishing a body to reform the legal instruments regulating Armenia's economy. The decree establishes a so-called "guillotine system," which will cut 25,000 economic regulations that impact or slow economic growth and decrease regulations to a manageable number by the end of 2012.³² The system will reduce the number of audits that companies are subjected to by 30 percent, effectively limiting the bureaucratic machinery that fuels corruption. The initiative was pre-approved by the OSCE in June and is currently in its planning stage.

Planned tax reform aims at increasing state revenue by targeting undertaxed income sectors. Tax collection grew in 2011, with the ratio of tax to gross domestic product reaching 20.6 percent by the end of 2011, compared to 20.2 percent in 2010 and 19.9 percent in 2009.³³ The draft budget for 2012 assumes the State Revenue Committee will deliver over 870 billion Armenian drams in revenue, which represents a 13 percent increase over the target budget for 2011.³⁴ The head of the State Revenues Committee, Gagik Khachatryan, questioned the feasibility of achieving this goal, but Prime Minister Tigran Sargsyan believes this sum can be reached by targeting large businesses and the shadow economy.³⁵ Indeed, one of Armenia's largest importers, Mega (reportedly owned by the head of the State Revenues Committee), doubled its tax payments in the first half of 2011.

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