

# Armenia

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*Capital:* Yerevan  
*Population:* 3.01 million  
*GNI/capita, PPP:* US\$8,450

Source: World Bank *World Development Indicators*.

Nations in Transit Ratings and Averaged Scores

|                                     | 2007        | 2008        | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| National Democratic Governance      | 5.25        | 5.25        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        |
| Electoral Process                   | 5.75        | 5.50        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        |
| Civil Society                       | 3.50        | 3.50        | 3.75        | 3.75        | 3.75        | 3.75        | 3.75        | 3.75        | 3.75        | 3.75        |
| Independent Media                   | 5.75        | 5.75        | 6.00        | 6.00        | 6.00        | 6.00        | 5.75        | 5.75        | 5.75        | 5.75        |
| Local Democratic Governance         | 5.50        | 5.50        | 5.50        | 5.50        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        | 5.75        |
| Judicial Framework and Independence | 5.00        | 5.25        | 5.50        | 5.50        | 5.50        | 5.50        | 5.50        | 5.50        | 5.50        | 5.50        |
| Corruption                          | 5.75        | 5.75        | 5.50        | 5.50        | 5.50        | 5.25        | 5.25        | 5.25        | 5.25        | 5.25        |
| <b>Democracy Score</b>              | <b>5.21</b> | <b>5.21</b> | <b>5.39</b> | <b>5.39</b> | <b>5.43</b> | <b>5.39</b> | <b>5.36</b> | <b>5.36</b> | <b>5.36</b> | <b>5.36</b> |

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. If consensus cannot be reached, Freedom House is responsible for the final ratings. 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. The opinions expressed in this report are those of the author(s).

# EXECUTIVE SUMMARY

Social frustration and political apathy have persisted in Armenia since the collapse of the economy in the 1990s and the armed conflict over Nagorno-Karabakh, an Armenian-majority province that broke away from neighboring Azerbaijan in 1994. Citizens have little faith in the elites that have been in charge for almost 25 years. In 2012–13, the ruling Republican Party of Armenia (HHK) won the presidential, parliamentary, and most local elections throughout the country, and now dominates all branches of government. Although all significant political forces are represented in the parliament, opposition factions are too weak to influence political decisions.

Efforts to combat widespread corruption remain superficial. Incumbents continue to win elections at all levels using paternalism, administrative resources, and “gifts.” While public discussion and media are pluralistic, the concentration of media ownership in the hands of businesspeople affiliated with political groups hampers the circulation of information and ideas. Plans to empower local government have remained on paper for years, but the initial steps taken in 2015 were too small to generate change. Division of power is insufficient. The judiciary is strongly tied to the executive authorities, and the effects of partial reforms launched in 2015 remain to be seen.

The year 2015 saw an effort to reform the political system by following in the steps of other post-Soviet countries that have converted to parliamentary rule, such as Georgia, Moldova, Ukraine, and Kyrgyzstan. Armenia’s government initiated a constitutional reform to shift power from the president to the parliament and transition from a mixed electoral system to a proportional system based on party lists. The Council of Europe’s Venice Commission assessed the new constitution positively, but domestic groups criticized it. Although the Armenian opposition had proposed similar reforms in previous years, it now opposed their implementation for various reasons, most notably by arguing that in the absence of a viable party system, the Republican Party would continue to dominate politically following the reform. After a low-key campaign, the new constitution was approved in a national referendum on December 6 amid reports of poor public understanding of the reform and violations on voting day.

Even as party politics in Armenia have deteriorated over the last decade, civil society has gained momentum. In 2015, public protests initiated or led by informal but networked civil society actors and groups had impact on policymaking. Two movements in 2015 stood out for being large-scale but non-politicized, and both achieved their goals: in the first case, the domestic trial of a Russian soldier charged with murdering an Armenian family in the city of Gyumri, and in the other, revocation of a hike in energy prices. Much will depend on whether these civic networks evolve into political movements, although they are likely to grow stronger and dictate an agenda of their own.

**No score changes.**

**Outlook for 2016:** Preparations for the 2017 parliamentary elections will dominate Armenia’s domestic agenda in the coming year. The electoral code will need to be reformed in line with the constitutional reform. New parties and coalitions will be established, and though it will take longer than a year for the political landscape to revive, increased activity is to be expected. Civil movements will arise and affect policies. Armenia may sign and start implementing a framework agreement with the European Union (EU) involving reforms and the implementation of European values. As before, much will depend on the relationship between the West and Russia, and Armenia’s ability to balance between the two.

# MAIN REPORT

## National Democratic Governance

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|
| 5.25 | 5.25 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 |

- In 2015, Armenia followed the precedent of other post-Soviet countries like Ukraine, Moldova, Kyrgyzstan, and Georgia in making constitutional changes to shift power from the president to the parliament. Armenia’s new draft constitution will establish a parliamentary republic, drastically reducing the powers of the president and increasing the powers of the prime minister.<sup>1</sup> The Council of Europe’s Venice Commission produced two opinions on the draft, in July and September. The second opinion praised the amendments for being “in line with international standards” and for taking up the commission’s earlier recommendations.<sup>2</sup> On October 5, the parliament voted in favor of the reform, 103 votes to 10.<sup>3</sup> The new constitution was adopted by national referendum on December 6 in a vote marred by reports of procedural violations, abuse of administrative resources, vote buying, and bribery (see “Electoral Process”).
- The constitutional reform was welcomed by the Prosperous Armenia Party (PAP) and Dashnaksutyun, two parties that have been in and out of the governing coalition over the last decade, but was criticized by the opposition Armenian National Congress (HAK) and the Heritage Party.<sup>4</sup> Critics argued that the transition would enable the perpetuation of the Republican Party’s power given the lack of other viable parties in the political landscape, and that the process of formulating amendments was not sufficiently based on dialogue.<sup>5</sup> Supporters insisted that parliamentary rule would stimulate the development of the party system, which they say is currently held back by the president’s excessive authority.<sup>6</sup>
- President Serzh Sargsyan’s Republican Party of Armenia (HHK) indeed continued to dominate political life, as shown in his reaction to PAP’s attempt to move into the opposition camp. PAP had joined forces with HAK and Heritage in late 2014 to set up a joint opposition movement, and in February 2015, wealthy businessman and PAP leader Gagik Tsarukyan announced that the country needed profound social and political changes that should include Sargsyan stepping down. The president reacted with a speech browbeating Tsarukyan, had him stripped of his seat on the National Security Council, and ordered an investigation into his business practices.<sup>7</sup> After a weeklong standoff, Tsarukyan resigned from politics<sup>8</sup> and Naira Zohrabyan took over as head of PAP, which has since been compliant with the ruling party.
- Despite its close ties to the declining Russian market, the Armenian economy grew by 3.1 percent in 2015,<sup>9</sup> outperforming the IMF’s forecast of 2.5 percent.<sup>10</sup> The value of the Armenian dram dropped by just 1.6 percent against the US dollar, less than that of any other post-Soviet currency.<sup>11</sup> Exports decreased by 4 percent overall and especially to the Eurasian Economic Union (to Russia by 26.7 percent, to Belarus by 40 percent, and to Kazakhstan by 30 percent), but these losses were partially made up by growth in exports to Georgia, Canada, and Asia.<sup>12</sup> Imports declined by 26.7 percent, due in part to increased domestic food production but also to the reduced import of cars, electronics, and luxury goods. The European Union (EU) and the Eurasian Economic Union (EEU) had the largest shares in Armenia’s trade turnover at 25.7 percent each, followed by China with 10.2 percent.<sup>13</sup>
- Armenia officially joined the Eurasian Economic Union (EEU) on January 2, 2015. The effects of this move are not yet clear; Russia, by far the largest economy in the union, is in a crisis and trade with the EEU is decreasing. Armenia’s trade with other countries outside the union so far has been unaffected because it negotiated to postpone many tariffs during the accession process; most will come into force around 2020.<sup>14</sup>

- At the same time, Armenia fostered relations with the EU and continued reforms with EU support in the areas of governance, public service, public finance management, anticorruption, judiciary, local government, border management, infrastructure, vocational education, etc.<sup>15</sup> Contacts intensified after the EU Summit in Riga in May 2015.<sup>16</sup> European Council President Donald Tusk announced that a visa-free regime with Armenia was on the table.<sup>17</sup> In October, the EU opened negotiations on a new framework agreement with Armenia.<sup>18</sup>
- The conflict over Nagorno-Karabakh resulted in more incidents and casualties in 2015 than in any year since the 1994 ceasefire. Forty-one Armenian and Karabakhtsi servicemen were killed in breaches of the ceasefire in 2015, compared with 26 in 2014 and 5 in 2013.<sup>19</sup> Despite the escalation, the presidents of Armenia and Azerbaijan met in Bern, Switzerland, on December 19 under the auspices of the Co-Chairs of the Organization for Security and Cooperation in Europe (OSCE) Minsk Group (Ambassadors Igor Popov of Russia, James Warlick of the United States, and Pierre Andrieu of France). The summit yielded no practical results apart from reconfirming the readiness for negotiation and commitment to the Minsk Group format.<sup>20</sup>
- In November 2015, the Armenian National Security Service (NSS) arrested 21 people, including 4 women, in connection with an alleged conspiracy to commit political assassinations and other terrorist acts in Armenia, and announced the discovery of a large weapons cache during a raid on a house in Yerevan.<sup>21</sup> Investigations were ongoing at year's end.

## Electoral Process

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|
| 5.75 | 5.50 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 |

- Armenia has legislation meeting international standards for regulating elections, political organizations, and competition. In practice, however, the government's consistent failure to ensure a level playing field and the political apathy of the population have prevented the emergence of a vibrant political scene. The opposition is weak and opportunistic, striving for momentum before elections in efforts to secure a quick takeover, only to be passive between elections. Street protests are often the only method for expressing political concerns. The system favors incumbent candidates due to the abuse of administrative resources and incomparably greater financial capacity of the ruling party.<sup>22</sup>
- The December 6 national referendum on constitutional amendments was the only significant electoral event in 2015. The next countrywide elections to local self-government bodies will take place in 2016. Parliamentary elections are scheduled for 2017 and presidential elections for 2018, when incumbent president Serzh Sargsyan will be ineligible to run due to term limits.
- Constitutional amendments were published on October 6 and the referendum was announced on October 8, leaving voters less than two months to make up their minds.<sup>23</sup> The voter register was published online on October 27, and voters had until December 1 to report inaccuracies.<sup>24</sup> The register was criticized for including many individuals who work or live abroad, although such persons are entitled to vote as long as they remain Armenian citizens. The campaign was low-key, with little public debate.
- The constitutional referendum was held on December 6. Observation missions were small: 123 international observers (including just 16 from the Parliamentary Assembly of the Council of Europe [PACE] and OSCE), and 3,005 local observers registered to observe elections in over 2,000 precincts. This was significantly lower than in the 2012 parliamentary elections, when 354 PACE and OSCE observers and over 30,000 locals were present.<sup>25</sup> The Central Electoral Commission reported a turnout of 1.3 million (50.7 percent of those eligible to vote), of which 63 percent voted in favor of the new constitution and 32 percent against. Local observers reported 1,077 violations on voting

day,<sup>26</sup> and authorities opened investigations into 56 cases.<sup>27</sup> PACE issued a rather negative assessment of the poll, pointing out, among other issues, the misuse of administrative resources, allegations of large-scale vote buying, and alleged pressure on voters and election officials.<sup>28</sup>

- One result of the referendum will be a change in Armenia’s electoral system. Until 2015, seats in Armenia’s parliament were filled using a mixed system: 90 seats by party lists and 41 by single-mandate constituencies. Following the referendum, the Electoral Code must be changed by June 2016 to a 100-percent proportional system, with at least 101 seats in the parliament. Based on the recommendations of the Venice Commission, the detailed electoral mechanism was deleted from the constitutional amendments and will be incorporated into the electoral code. The changes will include conducting a second round of elections to the parliament in the event that a ruling coalition cannot be formed after the first round.
- Also under the new constitution, an electoral college of an equal number of members of parliament (MPs) and local government representatives will elect the president for one term only. Other changes include establishing the right of foreign citizens and stateless persons resident in Armenia to vote and stand in local elections, and a quota for ethnic minorities in the parliament.<sup>29</sup>

## Civil Society

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|
| 3.50 | 3.50 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 |

- Civil society organizations (CSOs) operate in Armenia in three legal forms: public organizations, foundations, and legal entity unions. According to the Ministry of Justice, 4,066 public organizations, 902 foundations, and 296 legal entity unions were registered in Armenia as of October 2014, up about 10 percent from 2013. However, many estimate that only 15 to 20 percent of these groups are consistently active. In USAID’s 2014 CSO Sustainability Index, Armenia scored 3.9 on a scale of 7 (1 being the top score), the same rating as in 2013. The index noted small improvements in organizational capacity, public image, and advocacy.<sup>30</sup>
- The Armenian public has limited awareness of organized civil society, partly due to the sector’s reliance on external funding, concentration of activity in the capital, and insufficient community engagement. In an effort to boost the domestic sustainability of CSOs, a new Draft Law on Amendments to the Law on Public Organizations was made public in April 2015, a compromise achieved after more than seven years of discussions amongst CSOs, international and domestic experts, and the Ministry of Justice.<sup>31</sup> The draft contains provisions allowing CSOs to engage in economic activity, represent stakeholders in court, and engage volunteers. The government approved the law on October 29,<sup>32</sup> and the parliament is scheduled to vote on the bill in early 2016.
- Alongside registered CSOs, Armenia has a new type of civil society that emerged after 2009: activists (mostly young, urban, and educated) brought together by online networking to participate in protests that gather public support and have impact on policymaking.
- A protest in January 2015 in Gyumri, Armenia’s second-largest city, demonstrated civil society’s new ability to lead mass movements. The protest was triggered by the brutal murder of a family of seven on January 12 in Gyumri for which Valery Permyakov, a deserter from the city’s Russian military base, was charged. Crowds took to the streets after the Armenian prosecutor general announced plans for Russian investigators to handle the case in contradiction to the bilateral agreement between the countries, which stipulates a domestic investigation in Armenia in the event of crimes against civilians. On January 14–15, 30 Gyumri residents were hospitalized after clashes with police.<sup>33</sup> Levon Barseghyan, a journalist and head of the local CSO Asparez Club, assumed leadership in the demonstrations, and street protests continued for over a week. In the end, the public’s demands were met on June 30 with an agreement to try Permyakov in Armenian court for murder. In August, a

Russian military court sentenced him to 10 years for desertion.<sup>34</sup> The trial in Armenia was ongoing as of the end of the year.

- Another significant example of this new trend in civil society was “Electric Yerevan,” which became the largest campaign of 2015. The social protest began in May when Electric Networks of Armenia (ENA)—owner of the country’s electric power utility and itself owned by the Russian state company Inter RAO UES—announced plans to raise consumer tariffs by over 40 percent.<sup>35</sup> Several thousand protesters, mostly students and youth, signed up for a Facebook event and then took to the streets on May 27 under the slogan “No to Plunder.” Protests took place in Yerevan, Gyumri, Vanadzor, and a number of smaller towns. In June, Armenia’s Public Services Regulatory Commission approved a 17-percent increase on electricity tariffs, and on June 19, protesters blocked Baghramyan Avenue, Yerevan’s central traffic artery.
- In the early hours of June 23, police used force and water cannons to disperse the Electric Yerevan rally, detaining some 230 people and injuring at least 20. Journalists were among those attacked by police. The violent dispersal caused indignation throughout Armenia,<sup>36</sup> and the rally resumed the next morning; prominent public figures including MPs, the minister of education, and TV and film personalities stood between the protesters and police.<sup>37</sup> All detainees were promptly released, and the rally continued for almost two weeks without further police interference.<sup>38</sup> In the end, the campaign achieved results. The government ordered an audit of ENA and promised to subsidize the tariff increase to consumers while the audit was pending. No political parties or CSOs were involved in the campaign, and the movement had no individual leaders.
- Trade unions remained passive in 2015. The employees of Nairit, a Soviet chemical giant struggling with outdated equipment and export problems, went on strike several times to protest delayed payment of wages;<sup>39</sup> following the strikes, they received partial compensation.<sup>40</sup>
- As in previous recent years, Armenia received large numbers of refugees from Syria and Iraq in 2015, mostly from the two countries’ ethnic Armenian communities, but also to a much smaller extent from the Yezidi community of Iraq. According to *The Economist*, Armenia had Europe’s third-highest number of Syrian refugees,<sup>41</sup> taking in 2,500 Syrians over the summer alone.<sup>42</sup>

## Independent Media

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|
| 5.75 | 5.75 | 6.00 | 6.00 | 6.00 | 6.00 | 5.75 | 5.75 | 5.75 | 5.75 |

- In the 2015 Media Sustainability Index for Europe and Eurasia produced by the International Research and Exchanges Board (IREX), Armenia ranks fifth among all Eastern European and Central Asian countries, with progress from 2.28 points out of 4 in 2013 to 2.34 in 2014. The index describes the situation of Armenia’s media as “near sustainability.”<sup>43</sup> Armenia received high ratings for freedom of speech and plurality of media sources, but low ratings for business management. Media ownership by businesses affiliated with politics is a concern, though no hard evidence of this has been obtained. The internet remained the realm of comparatively free journalism in Armenia in 2015.
- Meanwhile, Transparency International—Armenia considers media to be one of the country’s weakest links in its struggles against corruption.<sup>44</sup> With few exceptions, media do not act as watchdogs against corruption, and reports by the Control Chamber and Anti-Monopoly Committee receive little media coverage. Corruption cases, including those that have reached court, also receive little coverage. Armenian media are chiefly concerned with entertainment and sensationalism, and do little investigative reporting.
- Public offices were generally open to information requests, but several cases of denial of information were registered in 2015. The public organization Investigative Journalists of Armenia, which

publishes the online newspaper *Hetq*, sued the prosecutor general’s office and the police for refusing to provide information on ongoing cases.<sup>45</sup>

- Violence against journalists in Armenia grew in 2015: in a total of 8 episodes, 23 journalists were subjected to violence, with most attacks coming during the police dispersal of the Electric Yerevan protests on June 23. Thirteen journalists were injured or had their equipment damaged, and members of the media were among the 230 people detained that day.<sup>46</sup> International human rights groups, including Human Rights Watch, Freedom House, and Amnesty International, demanded fair investigation and justice. Police opened an investigation into the incidents,<sup>47</sup> but it had not been completed by year’s end. Journalists received monetary compensation for damaged equipment, and one journalist reported being offered compensation in return for not seeking to press criminal charges.<sup>48</sup>
- A landmark ruling of the Constitutional Court in 2015 concerned the controversial right of courts to demand the disclosure of journalistic sources. In June, prosecutors sought a sentence of two years in prison for Ilur.am editor Kristine Khanumyan for defying a court order to disclose the source of a June 2014 report on an assault perpetrated by the head of the Shirak Province police. Following an outcry from domestic and international groups, the charges were dropped at the end of June.<sup>49</sup> In October, the Constitutional Court reviewed the case and ruled that media do not have to disclose information sources unless the court order concerns a grave offense or the need to protect an individual.<sup>50</sup> Lawyers now plan to appeal related cases based on the ruling.
- The transition to digital broadcasting begun in 2010 was scheduled for completion in 2015 but postponed again until 2016.<sup>51</sup> Independent experts criticized the transition for reducing the plurality of regional media, allowing just one digital broadcasting license for each of the 10 provinces, thus forcing up to a dozen regional stations off the air.<sup>52</sup> In December 2015, following lobbying by media and media support organizations, the parliament approved a bill allowing regional stations to continue analog broadcasting just within their communities, which experts argue is not a long-term solution.<sup>53</sup>

### Local Democratic Governance

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|
| 5.50 | 5.50 | 5.50 | 5.50 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 |

- Local self-governance in Armenia remains inefficient, especially in small communities. Whereas an average community spends 44.4 percent of its budget on administrative costs, the half of Armenia’s 866 villages with fewer than 1,000 residents spends 80 percent.<sup>54</sup> Local taxes and revenues help to pad local budgets, but reliance on state subsidies remains high at 48.5 percent, despite a 5-percent decrease in 2015 due to the growth of local incomes.<sup>55</sup> A reform of local self-governance aimed at merging small communities into more viable medium-sized ones stalled in 2015, partly due to the merging of the Ministry of Territorial Administration with the Ministry of Emergency Situations in November 2014, which reduced the level and urgency of decision-making about territorial reform. The reform is expected to channel funds into municipal projects, saving up to 60 percent on administrative costs.<sup>56</sup>
- Armenia planned to establish three pilot merged communities in 2015: Tumanyan and six other villages in Lori Province, Dilijan and six villages in Tavush Province, and Tatev and seven other villages in Syunik Province. All three provinces voted for the reform in referendums in May 2015, but the 94-percent support in Syunik caused the opposition to question the vote’s validity.<sup>57</sup> In both Tavush and Lori, three out of seven communities voted against the merger.<sup>58</sup> No government officials made any public comments on the referendum results, but the government decided in September to initiate legislative changes in connection with the planned merger. These legislative changes will come in a separate bill following the constitutional reform that passed in December.<sup>59</sup> The draft

constitution has a chapter on local self-government that is mostly unchanged from the previous version but now includes the provision that the parliament must heed the opinion of residents when deciding to merge communities.<sup>60</sup>

- In 2015, 67 communities elected mayors: 52 of them (78 percent) reelected incumbents, and members of the ruling HHK won in 49 communities (73 percent).<sup>61</sup> In the town of Ijevan, incumbent mayor Vardan Guloyan won against another Republican Party member.<sup>62</sup> PAP and its founder and former leader Gagik Tsarukyan, the country’s largest business operator, continue to dominate the Kotayk Province. Tsarukyan’s son-in-law Karapet Guloyan had been mayor of Abovyan, a town in Kotayk, and was appointed governor of Kotayk Province in 2015.<sup>63</sup> The new mayor of Abovyan elected in 2015, Vahagn Gevorkyan, is nominally nonpartisan but in fact close to Tsarukyan and supported by PAP.<sup>64</sup>

### Judicial Framework and Independence

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|
| 5.00 | 5.25 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |

- The judiciary remains a weak link in Armenia’s democratic reforms. In a poll funded by the European Endowment for Democracy in 2015, just 23 percent of those surveyed said they were very satisfied or somewhat satisfied with the work of the judiciary.<sup>65</sup> The media criticize the judiciary for failing to review cases despite numerous appeals by lawyers and hunger strikes by prisoners.<sup>66</sup> Only 4.3 percent of all trials end in acquittals,<sup>67</sup> and manipulation by executive authorities, bribery, and inefficiency are persistent concerns.
- In July, Minister of Justice Hovhannes Manukyan was dismissed. By September, the post was filled for the first time by a woman, former MP and PACE envoy Arpine Hovhannisyan, holder of a PhD in law. At 32, she is also the youngest member of the cabinet. Given her education and European experience, she is expected to work closely with the Venice Commission on the constitutional reform and reforms of the judiciary.
- Judicial reform was more active in 2015, but results remain to be seen. Armenia drafted a new criminal code in 2015, with adoption scheduled after the December 2015 constitutional reform. Prevention of torture is one of its main goals.<sup>68</sup> According to a 2014 study by the Civil Society Institute, even though most instances of torture are not reported, the number of complaints and court cases in connection with police torture grew several times in 2013–14, as did the level of public awareness of and protests against torture.<sup>69</sup> The study attributes these increases to legislative gaps, insufficient punishment for acts of torture, and the population’s poor legal awareness.<sup>70</sup> The new criminal code will make criminal prosecution more humane, based on a new definition of guilt as responsibility for the conscious breach of the law, and includes more humane approaches to mitigating and aggravating circumstances. It also reduces the severity of punishment, introduces alternatives to incarceration, and prescribes new procedures for pretrial detention and parole.
- In June 2015, the Ministry of Justice launched a project supported by the Council of Europe aimed at improving healthcare and reducing mortality in prisons. The 24-month project includes new infrastructure, training, and increased salaries for staff.<sup>71</sup> Poor living conditions and healthcare in prisons persisted in 2015. The number of prison inmates totaled 3,933 in 2014, which is below the official capacity of Armenia’s prison facilities,<sup>72</sup> yet proper conditions were not provided. Between 2009 and 2014, a total of 37 people are believed to have died in prison as a result of lack of medical attention. Twenty-four prisoners died of various causes in the first 10 months of 2015.<sup>73</sup> At least 10 inmates of Nubarashen District prison were reported to have gone on hunger strikes in 2015.<sup>74</sup> The Committee for the Prevention of Torture assessed the living conditions of 104 inmates serving life sentences in the Nubarashen facility as inhumane and degrading.<sup>75</sup> Appeals filed by prison inmates

and their lawyers are seldom considered, and parole hearings are not held. The length and causes for pretrial detention also remain a concern: 26.4 percent of all inmates are pretrial detainees, of which about 40 percent are released without being charged.<sup>76</sup>

- On June 18, the Ministry of Justice launched a pilot probation service in the town of Vanadzor and in one of the capital city districts. Based on the pilot, the government plans to introduce new legislation establishing probation countrywide.<sup>77</sup>

## Corruption

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|
| 5.75 | 5.75 | 5.50 | 5.50 | 5.50 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 |

- High-level corruption in Armenia involves patron-client relations between political elites and large businesses. Major businesspeople have informal quotas for export and import operations and reduced taxation. Many of these businesspeople held seats in the previous parliament, and a few remain as current MPs. Abuse and misuse of public funds is also common, and the conduct of state tenders and procurement is questionable.
- Armenia’s anticorruption policies were mostly superficial in 2015, failing to achieve in-depth change. A case of embezzlement of half a million dollars in public funds in a Ministry of Defense procurement was investigated in 2015, with the director of the company that defrauded the ministry facing charges at the end of the year.<sup>78</sup> In April 2015, the Control Chamber published a report that found embezzlement in the state procurement and contracting systems, including by the Ministry of Finance and especially the Ministry of Education.<sup>79</sup> Transparency International’s 2015 Corruption Perceptions Index registered an increase in corruption perception to 35 points from 37, placing Armenia 95<sup>th</sup> in the world.<sup>80</sup>
- Anticorruption measures brought some fruit in the business sphere. Bribery has decreased, and procedures for establishing businesses and paying taxes have moved online and become more transparent. World Bank Enterprise Surveys calculated the incidence of bribery in Armenia at 7.1 percent, significantly better than the 17.4-percent average for Eastern Europe and Central Asia.<sup>81</sup> Customs reforms in previous years served to reduce corruption risks and waiting times at customs. Armenia’s score improved in the World Bank’s 2016 “Doing Business” report due to these reforms, as well as to simplifications in construction permitting for lower-risk projects and assigning court cases automatically through a randomized system.<sup>82</sup>
- A total of 616 investigations into corruption were opened in 2015 (a 3-percent increase over 2014), including 97 cases of bribery and abuse of office (versus 66 in 2014) and 230 brought to trial mostly resulting in convictions.<sup>83</sup> Several mid- and senior-level officials were arrested in 2015 on bribery charges, including a top tax officer in the town of Armavir, Aram Hovsepyan,<sup>84</sup> Ministry of Justice employee Stepan Misakyan,<sup>85</sup> a number of police officers,<sup>86</sup> and Artush Gulyan, deputy head of the customs facility in Bagratashen (through which most of Armenia’s foreign trade takes place).<sup>87</sup>
- According to the 2015 report of the State Committee on Protection of Economic Competition, the committee initiated 332 administrative cases in 2014, an 82-percent increase over 2013.<sup>88</sup> Regrettably, the media paid little attention to these cases. Most resulted in fines to large business operators for abusing their dominant position on the market, but the fines are too small to make a difference. At least one case failed in 2015: the committee was unable to fine City Petrol Service (CPS), a major retailer of car fuel.<sup>89</sup> The World Economic Forum’s 2015–16 Global Competitiveness Report slightly improved Armenia’s scores on market dominance and effectiveness of anti-monopoly policy,<sup>90</sup> but Armenia’s 79<sup>th</sup> and 88<sup>th</sup> places on these rankings still mean that monopolization remains high and corruption-based.

- Transparency International has deemed the Control Chamber of Armenia, which monitors state spending, one of the strongest pillars of the country’s integrity.<sup>91</sup> In 2015, the EU provided €880,000 to build the capacity of the institution and improve its audit system.<sup>92</sup> In July, the chamber proposed monitoring the state budget, but the government did not react to the proposal. Moreover, the abuses revealed by the Control Chamber were not prosecuted, demonstrating that the weakness of the judicial system limits its effectiveness.

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