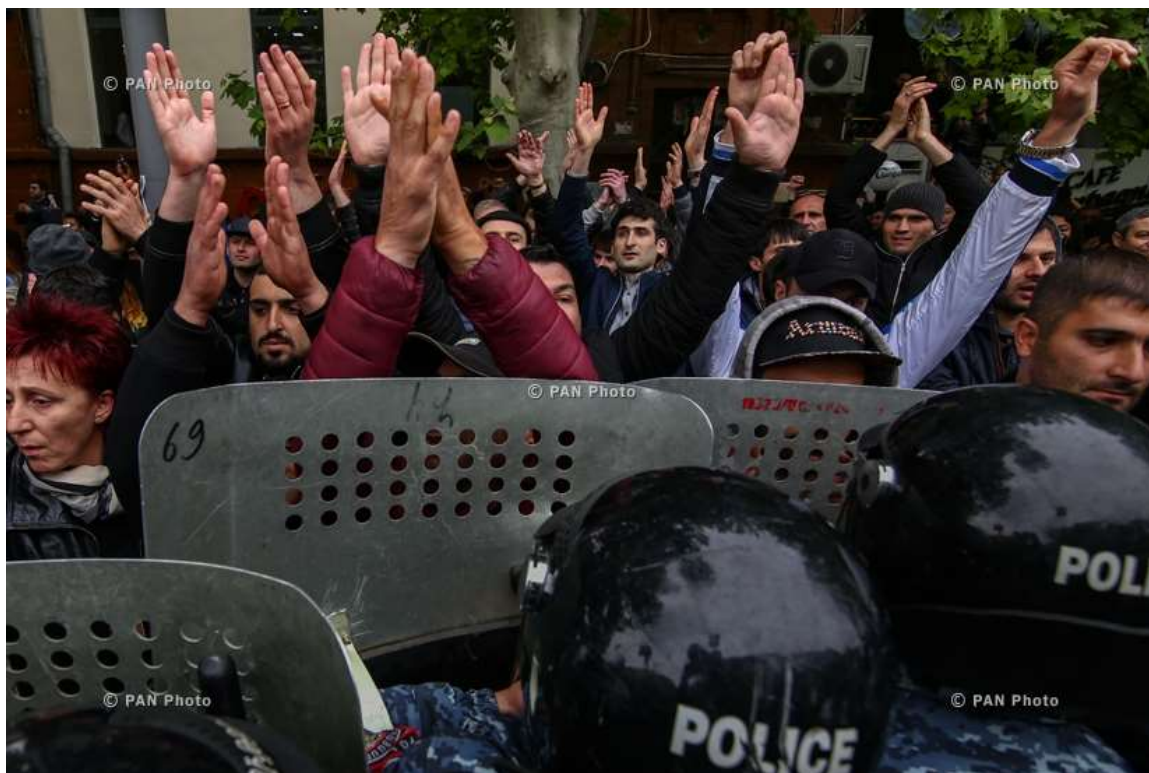![Eurasia Partnership Foundation logo](EURASIA PARTNERSHIP FOUNDATION)

Velvet Revolution and Political Developments in Armenia

Briefing Book

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BRIEF ON VELVET REVOLUTION AND POLITICAL DEVELOPMENTS IN ARMENIA

by Eurasia Partnership Foundation

Armenia's political landscape was shaken by a Velvet Revolution – an unprecedented, non-violent and peaceful revolution, which brought a huge variety of changes, which are presented below.

In regards to Armenia's domestic affairs, on March 2, 2018 with a two-thirds majority vote, Armenia's parliament voted to elect <u>Armen Sarkissian</u> as president of Armenia. Under a <u>constitutional referendum</u> that took place on December 6, 2015, Armenia's government transitioned from a dual-executive system to a parliamentary republic. Under the new system, the president's role becomes largely ceremonial while the majority of power lies within the Prime Ministry and Parliament. Much of Armenia's population interpreted the constitutional referendum as a political maneuver by <u>President Serzh Sargsyan</u> to inherit the Prime Minister position after his final term as President concludes. Prior to the National Assembly vote for Prime Minister (<u>scheduled to take place on April 17, 2018</u>), Armenian citizens around the country had already taken to the streets to protest Sargsyan's candidacy. Nikol Pashinyan, the opposition leader of the protests, had organized a <u>march from Gyumri to Yerevan</u>, which started on March 31, 2018, resulting in a massive culmination of protesters on April 13, 2018 at Republic Square, gathering in anticipation of Sargsyan's election as Prime Minister. Surely enough, on April 17, 2018, Armenia's Parliament <u>voted 77-17</u> in favor of Serzh Sargsyan to become Armenia's Prime Minister, even after previously stating that <u>he would not accept the position after his presidency concluded</u>. Tens of thousands of people under the direction of opposition leader Nikol Pashinyan convened daily at Republic Square with support throughout the country in objection to Sargsyan's election as Prime Minister, calling on him to resign.

Pashinyan's Political Background and Recent Emergences

Nikol Pashinyan has a long history of engaging in protest and politics in Armenia. When he was 23 years old, he was <u>expelled from his last year</u> at Yerevan State University due to his journalistic works of alleging government corruption. <u>During the protest movement of the 2008 presidential elections</u>, on March 1, 2008 government forces clashed with demonstrators who declared electoral fraud, resulting in the death of 10 people. Pashinyan was one of the most active leaders in the opposition movement and had to go into hiding due to political persecution of opposition figures. He went into hiding for almost two years and eventually turned himself to the police. He received a seven-year sentence and was released in two years due to an amnesty. As a journalist, he worked as the editor of the most popular <u>opposition newsletter</u>, intermittently with his wife. Continuing his alliance with <u>Armenian National Congress</u>, (ANC) led by First President Ter-Petrossian, whose claim that the presidential elections were rigged became the cause of the 2008 rallies and provoked violent response from the authorities, Pashinyan became

MP in 2012, but soon afterwards left the ANC alliance and declared himself unattached. Soon he set up a new political entity, Civic Accord, which created an alliance with other parties (Yelq) and was able to enter the new Parliament in 2017, even though ANC received no more seats. As a journalist and an MP, Pashinyan has been the most vocal critic of the government. His witty and unabashed criticism made people worried for his life sometimes, but on the other hand, also made people wonder what is the point of being so eloquent if nothing changes anyway. However, as history demonstrated, Pashinyan eventually led a movement towards a peaceful change, and ended up a victor, at least for now.

On April 22, 2018, Sargsyan agreed to meet with Pashinyan, which was likely due to the growing size of the protests against Sargsyan's appointment as Prime Minister. A brief exchange of words took place, in which Sargsyan left the meeting abruptly. Neither side offered concessions to the other. Several hours after the meeting, Pashinyan was detained by police, causing further outrage amongst protesters. The following day on April 23rd, Prime Minister Sargsyan formally resigned and Pashinyan was released from Yerevan Detention Facility. After Sargsyan's resignation, Karen Karapetyan became interim Prime Minister until the day of vote in the National Assembly (May 1, 2018). It is important to note that Karen Karapetyan was Prime Minister during Sargsyan's presidency and was former head of ArmRosGazprom, a subsidiary of Gazprom Russia, which he has a close association with.

During the election of a Prime Minister, the various factions within the National Assembly have the right to forward a candidate for the position. Under the pressure of the peaceful movement, all political blocs and parties apart from the ruling Republican party, including the Yelk faction, Tsarukyan Alliance and the Dashnaktsutyun, supported Pashinyan's candidacy. No other candidate was put forward, since the Republican party, which had a qualified majority, was in disarray after its leader's resignation. The three other political groups only held 47 parliamentary seats in total, requiring an addition of six votes to secure the 53 votes required to be elected.

On May 1, Parliament was set to vote on whether or not Nikol Pashinyan would become Prime Minister. After multiple statements from various members of Parliament, the vote was 45-57 resulting in Nikol Pashinyan not being elected. According to Armenia's constitution, Parliament must reconvene in one week for a re-vote. If parliament fails to elect a Prime Minister a second time, Parliament dissolves and popular elections are held. Because of parliament's failure to elect a prime minister, Nikol Pashinyan called on the citizens of Armenia to paralyze the country by blocking roads, government facilities and airports.

Between May 2 and May 3 some members of Parliament were removed or resigned from their posts. On May 8, Parliament gathered once again to vote on Pashinyan's placement into the Prime Ministry. With a 59-42 vote, Pashinyan secured the votes needed and became the new Prime Minister of Armenia.

Pashinyan's revolutionary election as Prime Minister poses a number of vulnerabilities to his newly formed Government. His mission to eradicate corruption and relieve the pressure of Armenia's economic suppression may also result in heavy opposition by former heads of Sargsyan's regime. Pashinyan declares that he represents the will of the people who took part in the movement, and that his government is temporary until the Electoral Code is changed and snap elections take place. It is planned that snap elections will take place between December 2018 - April 2019.

Pashinyan's post-revolution government plan-of-action includes multiple undertakings such as combatting corruption, establishing social equality, dismantling monopolies, creating a competitive marketplace, calling for snap parliamentary elections, improving national security and engaging in electoral reform. His new government plan was approved by the National Assembly on June 7, 2018, and was passed 62 vs. 39. Post-revolution developments thus far include the vigorous dismantling of corruption and recovery of state funds and goods.

Fighting Corruption

Nikol Pashinyan's new government has begun to take intensive measures against corruption in the Armenian political and economic arena. Beginning with investigations on former elites, Pashinyan and his team have brought to light numerous misdoings that have both shocked the society and set the standards for what is and is not allowed while governing a state—a principle that has been systematically violated in the more than two decades of independence of Armenia.

In June, the National Security Service (NSS) raided the residence of Manvel Grigoryan, a retired general, a hero of the Karabakh war, head of the state organization of ex-combatants, an oligarch and a former member of Parliament. The NSS found hidden boxes of food supplies and encouragement letters donated by children and others to the military during the Four Day War in Nagorny Karabakh in 2016. The NSS even discovered several automobiles, including an ambulance belonging to the defense ministry. Grigoryan has now been detained.

Ara Vardanyan resigned from Executive Director of the Hayastan All Armenia Fund after he pleaded guilty of using the organization's funds for his personal benefit, including gambling. The organization is one primarily funded by the Armenian diaspora around the world, and aims to provide funding for the physical and civil strengthening and improvement of the society.

Further, relatives of Former President Serzh Sargsyan have been accused of financial crimes. Sargsyan's brother, Levon Sargsyan, has been accused of "tax evasion and illicit enrichment" through his real estate company JLJ. He is not the only one.

These are only a few examples of corrupt activities exposed by Pashinyan's crackdown on corruption. On a societal level, many citizens' attitudes towards the new government have stayed extremely favorable, and those towards the NSS have improved as a result of these arrests and

allegations. NSS has not been much liked in Armenia, because it is the successor for the Soviet KGB, and it has been widely believed that it is still associated with the Russian security services, FSB. Oligarchs have long dominated the market through corrupt mechanisms to prevent competition and secure personal gain. The government is continuing its strategy of fighting corruption. As Nikol Pashinyan stated, "Our task is not to drive people to prison; our task is to enforce rule of law in Armenia".

The strategy of the new government

Nikol Pashinyan has emphasized several times that all international obligations of Armenia that it committed itself during previous administrations will be upheld to the fullest.

While Pashinyan's government says that the larger and all-encompassing change and reform strategy will become possible to implement only after snap elections, Pashinyan's economic plan involves rapid development of high technologies and the development of a military-industrial complex to ensure national security, which is threatened because of the Karabakh war with Azerbaijan. His economic agenda also includes the advancement of the agricultural sector to increase efficiency and output and to develop the tourism sector, which seems promising in light of recent events and the positive coverage that Armenia's revolution has received.

The government crackdown on corruption has also targeted the widespread shadow economy. The government recovered $42 million dollars (20 billion dram) worth of evaded taxes, not including embezzlement, enrichment, and other corrupt tactics, only in two months. The money will be allocated to the state budget, with a portion dedicated to improving impoverished communities.

During his meeting in Brussels on July 11, 2018, Pashinyan stated his intention to enforce the CEPA Agreement (signed in November, 2017) in order to create a better investment climate, enable fair competition, fight corruption, and partake in clean energy initiatives. Armenia is part of the Eurasian Economic Union, but in Pashinyan's words, "is ready to bridge the interests and positions of the EAEU and EU to the extent that is acceptable to both sides".

In regards to snap parliamentary elections, Pashinyan seeks to reform the current electoral code to ensure a fair election process that will establish a parliament reflective of the people's will. Currently, there are members of Armenia's parliament in which their opposition to Pashinyan is due to their need to sustain Sargsyan-era policies for their own benefit.

To improve national security, foster a competitive marketplace and push for social equality, rooting corruption is a significant issue that lies in the way of accomplishing the new government's and the reformer part of the society's goals. By eliminating corruption, socio-economic inequality is gradually alleviated, more resources and funds can be allocated for national security purposes, room for a competitive marketplace can be created as privatized

oligarchic enterprises lose monopolies and increased global trust and discussion in <u>investing in Armenia</u> can take place. Pashinyan's plan lies with the majority <u>population's will to combat corruption</u>, which will initiate a domino effect that will alleviate the many political and socio-economic issues that Armenia currently faces.

External Political Environment

The biggest challenge Armenia faces is the conflict with Azerbaijan over Nagorny Karabakh (Artsakh in Armenian). Other challenges are closed borders with Turkey and influence of Russia. Pashinyan has declared that he is planning to have balanced and non-exclusive relations with all countries, and enumerates Georgia, Russia, Europe, US, Iran, and Turkey as the first priority. The very fact of enumerating the mentioned countries demonstrates a slight, even if rhetorical change from the previous policies of Armenia, where Russia would be first and only.

The Azerbaijani Foreign Minister views the calling-up of Pashinyan's son, Ashot, for military service in Nagorny Karabagh as a populist and aggressive move. Previously, sons of high officials would be illegally freed of the service or at least not happen to be on the contact line in NK. It is not Pashinyan's intention to escalate the conflict. He is ready to negotiate, if the other side is ready. So far, there are no signs of Ilham Aliev being ready for a negotiating round with Pashinyan, even though the Minsk Co-Chairs have been active recently, and at least two meetings of the new Minister of Foreign Affairs, Zohrabyan, took place with the Azerbaijani FM.

On March 1, 2018, President Serzh Sargsyan declared the <u>2008 Turkey-Armenia Protocols</u> null and void due to Turkey's lack of initiative and one-sided preconditions for normalization of relations. The preconditions have been for Armenia to go for one-sided concessions on the NK front. The purpose of the Armenia-Turkey protocols was to establish diplomatic relations and open the land borders of the two nations. After the revolution Nikol Pashinyan declared Armenia's interest in restarting the process for open borders and settlement of diplomatic relations with no preconditions. From the Armenian perspective, 'no preconditions' means that the Armenian government will not require Turkey's government to officially recognize the Genocide of the Armenians in the Ottoman Empire as a condition for establishing diplomatic relations. Such a condition, while previously absent, was put forward by previous administration as a response to Turkey' conditioning opening the borders with the 'progress' in NK negotiations, understood as concessions by Armenia.

President Donald Trump congratulated Nikol Pashinyan on his election. There are attempts being made for them to have a meeting on the margins of the UN Session in September, 2018. The US has declared its support to the reforms and positive changes in Armenia, and this may result in increase in aid. To what extent, it remains to be seen.

The economic and political relationship with Russia continues. During the two meetings with Vladimir Putin Nikol Pashinyan has assured him of his intentions to strengthen the two countries' ties, and maintain a strategic partnership. However, the prosecution of highly placed, corrupt and criminal former officials, including the second president of Armenia, Kocharyan, and the president of the security organization initiated by Russia, Collective Security Treaty Organization (CSTO), makes Russia quite worried that Armenia may leave its orbit. This is expressed in the Russian media and analytical circles as a worry, in which the Pashinyan revolution, which avoided being associated with 'color revolutions', may end up being such. Pashinyan's government puts special efforts to avoid that impression. This may be the reason for Pashinyan's occasional reserved stance with the western specialists. Pashinyan's point on its relations with EU is that 'we build democracy as our own value rather than in response to any benefits from outside'. Pashinyan overly declares sovereignty of Armenia as his main value, and it is clear that sovereign behavior will rattle these or other ambitions. For instance, recently Armenia participated in military exercise in Georgia, jointly with NATO, and Pashinyan participated in the NATO summit in Brussels. Even though this was counterbalanced by his visits to Russia and military exercises both in Russia and Armenia with Russian troops, this is a much bolder foreign policy than that of the previous government.

The role of civil society

By their background, Pashinyan and his team are closely related to the civil society of Armenia. Many of them have studied in the West or both in the West and Russia, and represent the young generation of leaders (Pashinyan is the oldest one in his team so far, and he is 43 years old) who have no qualities associated with the homo sovieticus and who have become conscious citizens during the independence times. Thus they represent an abrupt departure from the previous elite, which was associated with the communist party or komsomol, participated in the hot stage of the war in NK in 1990-1994, and had inherited the Soviet lack of ethical values, particularly vis-à-vis corruption. Pashinyan's team are those who took part in all the popular movements of different scales since at least 1997. This makes them naturally interconnected with civil society and with the international development paradigm. Armenia even under previous administrations, despite corruption, has been very active in engaging in the international organizations and development networks, to counterbalance its isolation and security dangers. Now Armenia has a government that is not only ready to engage in international networks full-fledged (the previous government was doing that as well, just for the façade to cover the rampant corruption), but also to do it bona fide. The only criterion for deciding where and how to engage is the sovereign interest of Armenia.

Pashinyan's government, apart from its informal ties with the civil society, has been already working on setting up numerous fora and discussion platforms to make sure that the voice of civil society is not only heard, but that civil society does contribute with all its capacities to the reform. Moreover, this government does not require from the civil society to be in unison with its plans, and is ready to listen and to use the ideas and to capitalize on the civil society work,

magnifying its achievements and making them more institutional. This is a beginning of a very long road, and many of these platforms are still at their infancy, but this government understands that without public support it will not be able to implement its plans of revolutionary change.

Apart from activating a more enabling environment for <u>CSO cooperation,</u> on June 29th, Pashinyan held a consultation with small and medium-sized entrepreneurship and with representatives of NGOs representing small-medium sized business interests, in which Pashinyan describes small-medium business as being <u>"an extremely important sector for the government."</u> With an increasing shift towards true democracy, CSOs representing human rights and efficient governance will find it easier to accomplish their goals, but must remain cautious not to become too close to the government to prevent <u>yielding over their independence and being able to hold state actors accountable.</u> Overall, the shift towards a more true democracy will open up many opportunities for growth and prosperity in Armenia aided by the involvement of state and non-state actors.

Transitional, retributive and restorative justice. The 'March 1, 2008' case.

<u>During Armenia's 2008 presidential election</u>, outgoing-president Robert Kocharyan supported the nominated Presidential candidate, Serzh Sargsyan, who was elected as president of Armenia on February 19, 2008. Supporters of opposition candidate, Levon Ter-Petrossian, were camping at a square in Yerevan's city center in protest of alleged electoral fraud that resulted in Sargsyan's victory. But on March 1st, 2008, there was a pre-dawn raid by police to disperse the encampment, in which various instances of excessive force and police violence were used against protesters. Due to the raid by police, the demonstrations grew even larger across the city and riot police began clashing with demonstrators; some unidentified groups had made makeshift blunt weapons as a means of defense. As if due to the significant escalation in violence, outgoing president, Robert Kocharyan, declared a 20-day state of emergency in the evening; public gatherings and strikes were banned. With the use of military personnel and riot police, instances of firing live ammunition and use of tear gas took place, which resulted in the death of eight protesters. One police officer and one military personnel were also killed. There was no evidence that lethal force was justified when police were attacking protesters indiscriminately. The aftermath of the violence resulted in about 300 arrests of demonstrators and opposition figures without due process. There were no arrests of government, police or military figures that were responsible for the attacks and killings.

As part of the retributive justice policies, Pashinyan's government's most recent target was Robert Kocharyan, Armenia's ex-president. <u>Kocharyan was detained on July 27, 2018</u> by Armenia's National Security Service on charges of usurping power and overthrowing constitutional order that led to the violent events after the 2008 presidential election. A <u>preliminary investigation takes place.</u>, and Kocharyan is currently out of prison. Pashinyan later declared that he plans to set up a system for transitional justice.

ARMENIA – COUNTRY OVERVIEW (before April 2018 Revolution)

Excerpts.

Freedom Rate (this data relates to the situation before April 2018 revolution): Partly free (Freedom in the World 2018): Armenia is a multiparty parliamentary republic that holds regular elections, but struggles with political corruption, electoral fraud and economic suppression due to various factors such as private oligarchic monopoly enterprises and tampering of state funds by government officials. Political influence over the media remains a concern and voters have little say in policymaking. Prior to Armenia's velvet revolution that lasted from March – May 2018, political opposition was weak. Currently, the post-revolution government led by Prime Minister Nikol Pashinyan, is seeking to remedy Armenia's political and socio-economic injustices.

Political Structure

Branches (CIA Factbook 2017)**:**
Executive Branch – chief of state (President; elected by National Assembly for single 7-year term), head of government (Prime Minister; elected by National Assembly by majority vote) and cabinet (council of ministers). Note: the position of Prime Minister is the most powerful position in the country, the role of President is chiefly ceremonial.

Legislative Branch – National Assembly (Parliament) with 105 seats (members directly elected in single-seat constituencies by proportional representation vote; members serve 5-year terms; this will change with the new Electoral Code).

Judicial Branch – Highest court(s): Court of Cassation (responsible for interpreting relevant law, not facts of a case) and Constitutional Court (determines if laws that are challenged are unconstitutional); Subordinate courts: criminal and civil appellate courts, administrative appellate court, first instance courts, specialized administrative and bankruptcy courts.

Administrative Subdivisions (Gov't of the Republic of Armenia):
10 regions (marzes): Aragatsotn, Ararat, Armavir, Gegharkunik, Lori, Kotayk, Shirak, Syunik, Vayots Dzor and Tavush - Yerevan city is granted special administrative status as the capital with local self-governance exercised in communities. At least a third, if not more of the population reside in the capital.

Republic of Artsakh (Nagorny Karabakh) (President of RA, CIA Factbook 2017, President of the Artsakh Republic)

Artsakh is an Armenian-populated territory and a non-recognized state that borders Armenia's southern half, connected to Armenia via a buffer zone extending into the territory of what is

internationally recognized as the Republic of Azerbaijan. Its economic, military, and other types of reliance on Armenia make it in many ways a *de facto* part of Armenia.

Capital: Stepanakert
Founded: September 2, 1991 (Former name: Nagorno-Karabakh Republic)
Currency: Armenian Dram (AMD)
Head of Government and State: Bako Sahakyan, president
Population: 150,932 (National Statistical Service of NKR, 2015)

Armenia: Previous Elections

Parliamentary Elections (April 2, 2017): The April 2, 2017 parliamentary elections were the first of its kind after Armenia's 2015 constitutional referendum, in which the government transitioned to a parliamentary republic from a dual-executive system. The Central Electoral Commission of Armenia announced that the final voter turnout was 60.93%. Of the 105 seats in parliament, the following parties garnered seats within the National Assembly:

Republican Party of Armenia - 58 seats
Tsarukyan Alliance - 31 seats
Yelk Alliance – 9 seats
Armenian Revolutionary Federation (Dashnaktsutyun) - 7 seats

Instances of election abuses and voter-buying/intimidation were reported, however, most of the fraud had been implemented before election day via voter-buying or intimidation to vote in favor of the ruling party.

Presidential Elections (March 2, 2018): On January 19, 2018, former president Serzh Sargsyan had recommended Armen Sarkissian (no relation) to be a candidate for the presidency and was nominated by the ruling coalition (RPA and ARF). On March 2, 2018, a secret ballot election took place in the National Assembly, in which Armen Sarkissian garnered 90 votes for and ten votes against, subsequently becoming the first President of Armenia not elected by popular vote.

Armen Sarkissian, from Armenia, has resided in the UK for two decades. He has been the Ambassador of Armenia to the UK twice. His candidacy for presidency was suggested by President Sargsyan. His candidacy was marred by his incapacity to clearly demonstrate that he had revoked UK citizenship at least six years prior to his candidacy's announcement - a requirement according to the new Constitution. He claims to have done so, but there has been no conclusive evidence presented. After being elected president, Sarkissian soon tried to play an intermediary role between the movement of Pashinyan and Serzh Sargsyan; after the victory of Pashinyan, he now demonstrates by all possible means that he is happy with the revolution. It is not absolutely excluded that anti-corruption crusade of Pashinyan may at some point also touch

Sarkissian, though given the volatile situation with the government in the country, it might be wiser to go for such developments, if any, only after snap parliamentary elections.

Prime Minister Election (April 17, 2018): During a special session held by Armenia's National Assembly, former President Serzh Sargsyan (head of the ruling Republican Party) was elected as Prime Minister of Armenia with 70 votes for and 17 against. As Prime Minister under the parliamentary system, Sargsyan was able to extend his grip on power as he transitioned from the presidency to the prime ministry.

Prime Minister Special Election (May 8, 2018): Due to widespread protests against Serzh Sargsyan's election as Prime Minister, Sargsyan was put into a position to resign and rendered his resignation on April 23, 2018. On May 1, 2018, the National Assembly was set to vote on the only candidate put forth by parliament, Nikol Pashinyan –Yelk Alliance. The results of the vote was 45 vs. 57, resulting in Nikol Pashinyan not being elected. According to Armenia's constitution, parliament must reconvene in one week for a re-vote. If parliament fails to elect a prime minister a second time, parliament dissolves and popular elections are held under the supervision of the majority ruling party. On May 8, 2018, parliament gathered once again to vote on Pashinyan's placement into the prime ministry. With a 59 vs. 42 vote, Pashinyan secured the votes needed and became the new prime minister of Armenia.

Economic Overview

Developments in the end of 2017 and in the first months of 2018

Note: The part of the data collected under the previous administration, may contain false information:

- "The country is continuing to adjust following the external shock in 2014-15 from the drop in commodity prices and remittances from Russia. GDP growth has recovered strongly reaching 6.5% in 1Q17, after the sharp deceleration to 0.2% in 2016" (http://www.armbanks.am/en/2017/07/04/108587/).

- In 2017, Armenia witnessed at "7.5% rate of economic growth", which is the highest it has seen in the past decade. "Reasons for such a high rate included the economic recovery of the external environment and a strong domestic demand". Armenia's increased development of its agricultural sector, IT sector and tourism industry have created a path towards further development (http://www.worldbank.org/en/country/armenia/overview).

- "Armenia's exports are growing strongly, which helped its current account deficit to remain roughly stable at 2.7% of GDP in 2016. A favorable international environment characterized by a recovery in commodity prices, improved export diversification and stabilization of the Russian economy will benefit export and remittances receipts, leading the current account

deficit to average 2.1% in 2017-2018, almost half the expected 'B' median. Lower current account deficits help mitigate external vulnerabilities given Armenia's small size and commodity dependence, as well as helping to support stabilization of the country's high net external debt of 46.7% of GDP vs. 20% for the rating category median."
(http://www.armbanks.am/en/2017/07/04/108587/)

- "Fitch Ratings has affirmed Armenia's Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDR) at 'B+' with Stable Outlook."
(http://www.armbanks.am/en/2017/07/04/108587/)

January-May 2018 (http://www.edrc.am/):

Construction output increased by 17.4%
Consumer prices increased by 2.8%
Exports increased by 24.1% and imports increased by 37%

"Armenia's GDP is expected to grow by 4.2% in 2019."
(https://www.adb.org/countries/armenia/economy)

According to some statistics, 30% of Armenian children would go to sleep undernourished. Unemployment rate was 30 or even 40% according to some researches. This, however, apparently includes self-employed farmers. State salaries are extremely low and insufficient. The medium salary is 171950 AMD / ~ 359.16 USD (https://tradingeconomics.com/armenia/wages).

Since early independence, Armenia experiences very significant outmigration, and perhaps 1.5 million of its inhabitants have left permanently or temporarily to live and work abroad. A main source of its income has been remittances, amounting officially to 40% and unofficially to 60 or more percent of its annual income. Most of the migrants are in Russia, however, there are very significant groups of 'new Diaspora' also in the US and some in the European countries. The 'old Diaspora', i.e. successors from the Ottoman Empire who escaped the Genocide of 1915-1922, or left the Ottoman Empire or Russian Empire even earlier, in recent years have started to come to Armenia in more and more numbers, temporarily mainly, however, they also buy apartments and some look for investment opportunities. The April 2016 Four-Day-War made the global nation to unite in providing humanitarian aid to Armenia and NK, mostly avoiding state and official channels, since the impression of extreme corruption of the state structures, including those of the army, was already quite strong.

There are about 3,000 families of refugees from Syria, ethnically Armenian. Some of them try to leave Armenia for the West, others try to settle, at least temporarily, and still hope to return. Armenia grants them citizenship via a special provision, however, the restrictions for the development of small business (that existed before the revolution) and overall poverty of the

country, combined with the cases of negative attitude to the newcomers, even if of the same ethnicity, do not motivate much the Syrian refugees.

Freedom in the world 2018 – Armenia profile

Overview: Armenia was ruled by a government with a history of somewhat authoritarian tendencies until the country's Velvet revolution took place, which lasted from March to May 2018. People's ability to influence government decisions was limited, and formal political opposition was weak. High levels of corruption and political influence over the media environment also were a concern; this is to be tackled as part of newly elected Prime Minister Nikol Pashinyan's government program.

Freedom House Nations in Transit 2018: Armenia Country Profile
(updated with notes by EPF)

Civil Society:

- Armenia's civil society is relatively healthy in a region that has seen severe crackdowns in recent years, enjoying freedom from the excessive financial and administrative restrictions facing counterparts in many post-Soviet states. Armenia scored the second highest in Eurasia in the 2016 USAID CSO Sustainability Index, which also registered a second consecutive year of improvement for the country. Despite this positive regional standing, until 2018 CSOs have been rather weak in their capacity to influence policy through formal channels.
- CSOs were highly engaged during the 2017 electoral period. The CEC reported that more than 28,000 individuals from 49 domestic organizations registered as observers, although some civil society members voiced concerns that proxies of political parties were among those registered. Domestic groups like the Independent Observer Alliance were instrumental in creating a thorough record of electoral conduct, even if authorities did not adequately investigate the violations documented.
- In recent years, major protest movements have had—either from the onset or as part of their evolution—an anti-systemic character. Most of these have been grassroots movements organized by informal activist groups, rather than by traditional organizations. The limited ability of the formal civil society sector to influence policy, and the government's continued neglect of sources of public discontent, has elevated the role of more nontraditional activism. This has included not just grassroots social movements but radical groups as well. In 2016, the Sasna Tsrer became the most radical iteration of anti-systemic sentiment, both drawing influence from and reviving the robust history of political violence in Armenia. The previous government's response has typically been to zealously prosecute radical groups, while maintaining a dismissive attitude toward reformist civil society, leaving a gap in terms of opportunities to influence public policy that erodes trust in the public sphere.
- Trade unions remain weak and generally unengaged in policy discussions.

Independent Media:

- Although television remains the most popular source of news and information, online media continue to grow in popularity and influence. Connectivity is inexpensive, and according to the International Telecommunications Union, approximately 67 percent of the population accessed the Internet in 2016. In contrast to television stations, which face significant influence from their owners, online and print media have greater levels of editorial freedom. The Internet remains largely beyond the control of the authorities and serves as an alternative and increasingly popular source of information as well as an influential tool on politics. That said, worrying signs emerged in 2017 about manipulation of the country's online information landscape.
- The Committee to Protect Freedom of Expression (CPFE), a local media rights group, called 2017 a "tense and complicated" year for journalism, pointing to heightened political pressures around the parliamentary and local elections. While fewer media workers and outlets faced violence in 2017 than in 2016, the CPFE recorded nearly twice as many cases of pressure—a category that includes legal intimidation. Most alarmingly, there were 60 new defamation and insult lawsuits launched against the media in 2017—the highest number since the offenses were decriminalized in 2010.
- Media professionals reported several cases of violence, obstruction, and interference against the press during the parliamentary elections as well as local polls
- Judicial and law enforcement bodies are biased in dealing with cases that involve independent media. Investigations into violence against journalists covering public assemblies in 2015 (during the #ElectricYerevan demonstrations) and 2016 (during protests surrounding the Sasna Tsrer crisis) have been shallow and ineffective. Very few complaints have reached the court system, and those that did continue to move through the legal process slowly.

Local Democratic Governance:

- Decentralization is relatively limited in Armenia, leaving local governance weak. There is a high reliance on the central government for funding and a generally low capacity to provide public services. More than a third of the country's three million people live in Yerevan, which enjoys the highest level of administrative and financial independence; most cities and villages have small populations, which in turn translate into small tax revenues. A thorough reform of local governance continued in 2017, and a number of local elections took place.
- An ongoing program of territorial and administrative reform, launched in 2015, will consolidate the country's 915 municipalities into approximately 200 municipalities organized into "clusters." Administration of these clusters will be conducted similarly to how municipalities are governed today, just on a much larger geographic scale. The program, which has extensive backing from foreign donor organizations, aims to increase capacity and efficiency. Among other things, the program will centralize the delivery of public services

into one-stop-shop "citizen offices" and boost citizen engagement, including through frequent polling and access to online information management tools.

- In December 2017, former Prime Minister Karapetyan requested that all governors submit a regional annual plan for 2018, and required them to focus on activities geared toward economic development—including attracting investment, improving agricultural capacity, and increasing regional income per capita. Some observers noted that Karapetyan's request was at odds with his own party. For the HHK, regional governors are primarily important for the cultivation of electoral support, while poverty and low economic activity in the regions have not been priorities. In framing his request, Karapetyan emphasized that 2018 will be a "meaningful" year and stressed that economic growth is a major gubernatorial responsibility.

Judicial Framework and Independence before the 2018 revolution:

- Armenia's judiciary is heavily dependent on the executive branch, and judicial accountability mechanisms are weak. Bribery and the leveraging of political influence are common at all levels of the judicial system, and the courts remain among the most mistrusted institutions in the country.
- A few judicial officials faced prosecution for abuse of office during 2017, although the incidents were isolated and did not indicate a systemic crackdown on corruption within the system.
- In December 2017, following months of heated debate, the National Assembly passed legislation against domestic violence. The legislation defines the offense, establishes standards for police action, and mandates the creation of resources for victims, among other things. While overall a landmark step, the law contains some counterproductive features, including a partial focus on "restoring family harmony"—a component added to the law after HHK members, as well as Russian-sponsored trolls and 'fake civil society', criticized the initial bill for undermining "traditional family values," also rallying the conservative-minded parts of the population against the law. Such attitudes, as well as institutional factors like scarce victims' resources and a history of police failure to treat allegations seriously, are likely to undermine the effectiveness of the law if not thoroughly addressed. The reason, however, why this law was brought forward at all, as well as several other laws already adopted or in the pipeline, such as on gender equality (adopted in 2015) and antidiscrimination (to be adopted in 2018), for the previous government has been the pact with EU, either in the form of a budget support mechanism, or later on, CEPA. Relations with EU are based on a 'more for more' principle, i.e. if Armenia undertakes reforms, particularly in Human Rights and other areas, it will be supported in a variety of ways. Now, after the revolution, new avenues for advancing the Human Rights agenda may appear.

Corruption:

- Corruption is rampant through the government and remains a significant point of tension with the Armenian public. Despite promises by former Prime Minister Karapetyan to curb corruption, very little progress was made by the close of 2017.
- The government passed several laws that, if effectively implemented, could improve anticorruption efforts. In June 2017, legislators adopted a proposal to establish the Corruption Prevention Commission, an entity empowered to monitor conflicts of interest and ethical conduct by public officials, receive and analyze income and asset declarations, and request prosecution of officials that it finds to engage in misconduct. Similar bodies have existed in the past with virtually no success. A currently existing entity, the Anticorruption Council, was established in February 2015 and had not produced any significant results by the end of 2017. The new commission is expected to begin activities in 2018. Also in June 2017, legislators approved a measure to establish a dedicated website for corruption reporting.
- Since Prime Minister Pashinyan's election on May 8th 2018, there has been a massive purge on corruption on various government officials and individuals. Since picking Artur Vanetsyan to be the head of the National Security Service, records of tax fraud by various companies and parliamentary members of the ruling Republican Party have been publicly presented. Vanetsyan stated that in the cases when it does not contradict the legislation, criminal charges might be dropped if damages and funds were restored to the state. But on June 14th, the anti-corruption campaign became more aggressive with the detainment and arrest of two senior officials in the Yerevan city government; and on June 16th, the Republican Party parliamentary member, Manvel Grigoryan and mob-boss Artur Asatryan (two Ejmiadzin residents) were arrested. Artur Asatryan (aka Don Pipo) was arrested on charges on being involved in organized crime and illegal weapons procurement; Grigoryan was arrested on charges of illegal weapons procurement and illegal/personal use of state goods and funds.

With Pashinyan's war on corruption currently going on, the goal of creating a competitive marketplace will decrease the presence of privatized oligarch enterprises and will increase global trust and facilitate discussion in regards to investment in Armenia. Pashinyan's plan lies with the majority population's will to combat corruption, for which the goal is to initiate a domino effect that will alleviate the many political and socio-economic issues that Armenia currently faces.

Pashinyan's plans after the Velvet Revolution

Pashinyan's post-revolution government plan-of-action includes multiple undertakings such as combatting corruption, establishing social equality, dismantling monopolies, creating a competitive marketplace, calling for snap parliamentary elections, improving national security (Armenia and Artsakh) and engaging in electoral reform. His new government plan was presented to the National Assembly on June 7, 2018 and was passed 62 vs. 39. Post-revolution developments thus far include the vigorous dismantling of corruption and recovery of state funds and goods.

Part of Pashinyan's economic plan involves rapid development of high technologies and the development of a military-industrial complex to ensure national security. His economic agenda also includes the advancement of the agricultural sector to increase efficiency and output and to develop the tourism sector, which seems promising in light of recent events and the positive coverage that Armenia's revolution has received.

Many believed that the velvet revolution that ensued in Armenia would affect the economy negatively, but post-revolution Armenia shows that the Armenian Dram has remained stable and that Armenia's Eurobonds are status quo, meaning investors have not lost interest.