

## The OSCE and the Anti-Corruption Movement in Armenia<sup>1</sup>

*Enlarging Co-operation between the OSCE and Transparency International*

### *Introduction*

The OSCE Office in Yerevan and the Center for Regional Development/Transparency International (CRD/TI) Armenia have been co-operating since 2000. The OSCE Office in Yerevan was formally established in February 2000, with a mandate that covers all the OSCE's dimensions, including the human, political, and economic and environmental aspects of security and stability. During the early months of its operation, the Office's main activity was to establish partnerships with governmental, parliamentary, and civil-society organizations in Armenia. A key priority of the newly established Office was work in the area of combating corruption.

Soon after the establishment of the CRD in July 2000, the Center's leadership approached the OSCE Office in Yerevan to ask for support for its first initiative, a South Caucasus conference entitled "Towards Good Governance through Regional Co-operation". Given the importance of cross-border, regional co-operation in the South Caucasus, Ambassador Roy Reeve, then the Head of the OSCE Office in Yerevan, agreed to make a presentation at the event, which was held in October 2000. Corruption was one of the topics discussed at the Conference, after which the TI Secretariat offered the CRD the opportunity of becoming TI's partner in Armenia. A year later, in October 2001, the CRD was accredited as the national chapter of TI in Armenia.

Since its foundation in 1993, Transparency International, a prominent non-governmental organization, has led global efforts to curb the world of its immense corruption problems. TI seeks to achieve its goal by working globally, regionally, and at country level. In the international arena, TI raises awareness about the damaging effects of corruption, advocates policy reform, works towards the implementation of multilateral conventions, and subsequently monitors compliance by governments, corporations, and banks. At the national level, TI chapters located in some 100 countries all over the world work to increase levels of accountability and transparency, monitor the performance of key institutions, and press for necessary reforms in a non-partisan manner. A key challenge for the TI movement worldwide has always been to organize itself so that its partners can benefit from each other's experience, thereby building global capacity to more effectively fight corruption.

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1 The article covers the period up to December 2004.

This contribution introduces four aspects of successful co-operation between the OSCE Office in Yerevan and CRD/TI Armenia. Today, co-operation between these two organizations ranges from regular consultations and meetings related to the field of anti-corruption to specific projects and initiatives aimed at increasing the role of civil society in anti-corruption policy reforms, promoting public awareness in environmental issues, monitoring elections and making amendments to the electoral law, facilitating regional co-operation, etc. CRD/TI Armenia is a regular participant in OSCE meetings, workshops and conferences. In July 2003, recognizing the leading role of the OSCE Office in Yerevan and its leadership in supporting civil society initiatives aimed at combating corruption, CRD/TI Armenia granted its first award for “The Outstanding Contribution to the Anti-Corruption Movement in Armenia” to Ambassador Roy Reeve.

### *Involving Civil Society in Policy Making*

A few months after the opening of the Office, it became clear that there was an urgent need for better co-ordination between national and international anti-corruption efforts. Ambassador Roy Reeve took the lead and created a Joint Task Force (JTF) under the aegis of the OSCE Office in Yerevan. It consists of representatives of diplomatic missions and international organizations and aims to develop an overall anti-corruption strategy to enhance efficiency and avoid duplications. The Office also worked to promote active involvement of civil society and mass media in the fight against corruption, and has developed close co-operative relations with the local chapter of Transparency International.<sup>2</sup>

In July 2002, an anti-corruption strategy paper was drafted by a group of international and local experts. It had been financed using funds from a World Bank grant of 300,000 US dollars and was submitted to the Anti-Corruption Commission that had been established in 2001 under the chairmanship of the prime minister of Armenia, Andranik Margarian. The paper was discussed in detail by the international organizations represented in the JTF. Several civil society organizations, members of the Anti-Corruption NGO Coalition, which was formed under the CRD/TI Armenia umbrella in March 2001, had an opportunity to provide their feedback on the initial version of the strategy to the government working group.

In the following months, the strategy was revised, but it was never published or discussed. The drafting process was then frozen for the duration of the election campaign that lasted from January to May 2004. A new coalition government, formed in June 2003 by three political parties that together enjoyed a parliamentary majority, adopted a new anti-corruption strategy programme and an action plan for its implementation in November 2003, with-

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2 See e.g. Organization for Security and Co-operation in Europe, The Secretary General, *Annual Report 2001 on OSCE Activities*, SEC.DOC/3/01, 26 November 2001, pp. 41-42.

out public discussion. The public became familiar with the published strategy only in December 2003, after its approval. This was a serious setback in building a dialogue between civil society and government authorities in Armenia, despite the strong efforts of the OSCE Office in Yerevan to encourage such a dialogue in this field.

In January 2004, CRD/TI Armenia made a public statement to the effect that the implementation of any anti-corruption strategy would remain ineffective as long as the key principles of fighting corruption – transparency, accountability, and participation – were not ensured. The strategy itself has serious drawbacks, which have been raised in public by CRD/TI Armenia representatives on various occasions. Though the Armenian government received comments from other NGOs as well, there have been no further attempts to revise the strategy.

Another recent aspect of the OSCE-CRD/TI Armenia co-operation is related to the Anti-Corruption Action Plan for Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, the Russian Federation, Tajikistan, and Ukraine, as adopted at the fifth annual meeting of the Organization for Economic Co-operation and Development (OECD) Anti-Corruption Network for Transition Economies (ACN) at Istanbul in September 2003. The Action Plan obliges the named countries to draw up legislation and create institutions for fighting corruption in order to increase transparency in the public sector, encourage business ethics, and ensure public participation in the decision-making process.

After Istanbul, the OECD held a series of follow-up meetings to review the draft status reports prepared by the governments of the Action Plan countries. The aim of the status reports was to describe the state of the legal and institutional system in each country based on criteria developed by the ACN. The Armenian draft status report was presented at the second review meeting in Paris in June 2004. Prior to that, CRD/TI Armenia had been approached by OSCE representatives, who had asked to comment on the draft report from the point of view of civil society. The OSCE Office in Yerevan supported the participation of the CRD/TI Armenia expert at the Paris meeting, where the CRD/TI Armenia's comments were disseminated to all the participants. A CRD/TI Armenia representative presented an alternative assessment of the draft report and contributed to the joint development of the summary assessment and recommendations by the OECD experts and the members of the official governmental delegation of Armenia.

CRD/TI Armenia is also strongly committed to the further monitoring of the implementation of recommendations related to the OECD Anti-Corruption Action Plan, and of other obligations that Armenia has undertaken within the scope of international conventions and as a result of Armenia's membership of various international structures. The Commission on the Monitoring of Implementation of the Anti-Corruption Strategy was established in July 2004 within the State Anti-Corruption Council under the prime minister and tasked, among other

things, with examining Armenia's compliance with its international obligations in the field of anti-corruption.

CRD/TI Armenia has been made a permanent member of the Commission, largely thanks to the support of the OSCE Office in Yerevan, and its present Head, Ambassador Vladimir Pryakhin, in particular. Other NGOs are also involved in the Commission, on a rotating basis, which could help foster civil society involvement in monitoring the implementation of the anti-corruption policy. Meanwhile, given the lack of effective dialogue between the state and civil-society representatives, the OSCE Office in Yerevan is expected to make a more consistent effort to ensure public participation in the field.

### *Ensuring Access to Environmental Information*

The second important area of interactions and consultations between the OSCE Office in Yerevan and CRD/TI Armenia is environmental affairs. The Office has made a significant effort to encourage Armenia to ratify the UNECE Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters (Aarhus Convention). It provided leadership in this effort by building a coalition of interested government institutions, civil society organizations, and international actors.

One of the most significant achievements carried out by the OSCE Office in Yerevan in the area of environment-related activities was the establishment of the Public Environmental Information Centre in 2002, in partnership with the Armenian Ministry of Nature Protection. The Armenian Aarhus Centre, as it is known, was the first of its kind in the region and served as a model for establishing similar resource centres in other countries. Its objective is to promote the basic principles of the Aarhus Convention in terms of access to information and public participation in environmental decision-making.

CRD/TI Armenia is represented on the Centre's Board of Experts, and its representative was the first co-ordinator of the Centre from September 2002 until January 2004, and worked closely with the OSCE Office in Yerevan to develop the Centre's strategy and activity plan. A CRD/TI Armenia representative was also assigned the task of making a presentation concerning the role of the Armenian Aarhus Centre in implementing the Strategy for Education for Sustainable Development at the third preparatory seminar to the Twelfth OSCE Economic Forum in Bishkek.

The first project under the umbrella of the Aarhus Centre, entitled "Who is Who in the Environment in Armenia?", was implemented by CRD/TI Armenia in 2002, with support from the United Nations Environment Programme (UNEP) and the OSCE Office in Yerevan. The project produced a print directory of all the environment-related information held by Armenian state institutions, including meta-data on more than 70 state institutions. The goal of the project was to promote the implementation of the Aarhus Convention in Arme-

nia and strengthen the role of the Armenian Aarhus Centre as a resource for all interested parties.

The OSCE Office in Yerevan was a strong supporter of another project conceived by CRD/TI Armenia, which aimed at improving environmental assessment legislation. The project was later funded by the British government. The Office also assisted the Coalition of Armenian NGOs, which includes CRD/TI Armenia, in initiating a dialogue between governmental and non-governmental organizations on environmental problems in Yerevan, which focused particularly on urban development.

The OSCE has also promoted public discussion of security-related environmental issues contributing to regional stability. A CRD/TI Armenia representative contributed to the discussions at the OSCE Seminar on "Strengthening the OSCE Role in the Realm of Environment and Security" in Berlin in July 2001, as well as at the third preparatory seminar for the Tenth OSCE Economic Forum on "Strengthening the Role of NGOs in Promoting Regional Co-operation on Water Issues" in Baku in April 2002.

Given the experience and recognition it has acquired, the OSCE should preserve and strengthen its leadership role in the aforementioned components of its economic and environmental dimension. However, there is a need for more focus on the sustainability aspect of the Organization's endeavours. Specifically, the Aarhus Centre's current management model should be reviewed to consider whether a new approach could make the Centre's activities more sustainable. In addition, discussion of security-related environmental issues should be used to develop more practical steps to strengthen institutions and implement concrete projects. Given the lack of political will to ensure real access to information and public participation in the decision-making processes in Armenia, the OSCE should play a more prominent role in furthering co-operation between the government and civil society.

#### *Monitoring Elections and Improving Electoral Legislation*

In 2003, serious violations of both electoral legislation and basic civic freedoms occurred in Armenia. With its election-monitoring mandate, the OSCE, and its Office for Democratic Institutions and Human Rights (ODIHR) in particular, played a central role in observing the country's most recent presidential and parliamentary elections and commenting on their compliance with international standards.<sup>3</sup> Western observers, local NGOs, and media representatives recorded numerous infringements, including the refusal to allow opposition candidates to register; threats to opposition members of election commissions and candidate proxies, and the removal of the former from the commissions; intimidation and harassment of the supporters of various candidates; restrictions on media free-

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3 OSCE/ODIHR, *Final Report on the Presidential Elections in Armenia*, 28 April 2003, OSCE/ODIHR, *Final Report on the Parliamentary Elections in Armenia*, 31 July 2003.

dom and mistreatment of journalists; misuse of state resources; vote buying; box stuffing, errors in voting and vote counting; and bribery of electoral commission members.<sup>4</sup>

Alongside other observers, CRD/TI Armenia also monitored parliamentary elections in May 2003 within the scope of the “Monitoring of Parties’ Campaign Finances” project, funded by the Open Society Institute. In the course of implementing the project, CRD/TI Armenia collaborated with eleven parties and blocs and established contacts with the Central Electoral Commission and representatives of media companies and publishing houses. The project team had several meetings with Peter Eicher, Head of the OSCE/ODHIR Election Observation Mission, and Lord Russell-Johnston, President of the Parliamentary Assembly of the Council of Europe, to discuss critical issues to be addressed during elections.

The results of the election-monitoring work performed by CRD/TI Armenia<sup>5</sup> have indicated that political competition in the country has become a race for power at any price, thus undermining the core values of the party system. Party finances are increasingly becoming an arena for political corruption. Poor economic conditions, an immature party system, an underdeveloped political culture, and a general mistrust of political actors limit the possibility of fundraising among genuine party supporters. Under such circumstances, parties are forced to use illegal and unethical ways of raising money, avoiding disclosure of revenues and increasing their dependence on donors that expect certain favours in return.

At the same time, there are also opportunities for corruption in party spending. The project found that the three parties that form the current government substantially exceeded the permissible campaign fund limits. While the official spending data presented by other parties did not match the results of monitoring either, the discrepancies were less pronounced. It should be noted, however, that one (opposition) party did provide the project team with reliable figures. In some cases, records were kept properly, but there were still discrepancies revealed between the financial reports submitted by parties and the results of independent monitoring (e.g. for TV advertisements). Serious violations were also recorded with regard to printed publications and other campaign materials and events.

Some parties spent far more money on their election campaigns than reported as a result of secret transactions aimed, for instance, at avoiding taxes or hiding the sources of donations. Secret discounts or other favourable deals were also made with service providers. Party leaders justified this with reference to the imperfection of legislation that, by limiting the campaign funds, forces parties to bypass the law. Others have argued that even the electoral law itself

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4 See the websites of hetqonline, Investigative Journalists of Armenia, at: <http://www.hetq.am>, Yerevan Press Club, at: <http://www.ypc.am>, and CRD/TI Armenia, at: <http://www.transparency.am>.

5 For more information, see: CRD/TI Armenia, *Monitoring of the 2003 National Assembly Election Campaign Finances*, Yerevan 2003.

leaves too much room for mismanagement and misinterpretation. Building on the results of the election-monitoring process as well as consultations with political parties and international experts, CRD/TI Armenia made specific recommendations for reforming the electoral law to promote a transparent, accountable, and fair system of campaign funding.<sup>6</sup>

The OSCE Office in Yerevan, along with the working group on elections, which it formed from representatives of interested international organizations, was regularly informed about the results of CRD/TI Armenia's monitoring activities. The project recommendations were submitted for consideration to the Venice Commission of the Council of Europe by the OSCE Office in Yerevan. Representatives of CRD/TI Armenia also presented their recommendations at an NGO meeting, organized by the Office in January 2004 to discuss election-related issues, and at a round table on electoral reform in Armenia, co-organized in February 2004 by ODIHR, the OSCE Office in Yerevan, the Venice Commission, and the Council of Europe representation in Armenia. Later, some of CRD/TI Armenia's suggestions were included in the Venice Commission's package of recommendations on amendments to the Armenian electoral code.

Almost a year after the elections, political rivalry between the ruling parties and the opposition manifested itself in rallies and a parliamentary boycott organized by members of the opposition, political repression, arrests, and intimidation of opposition supporters, general frustration among the citizenry, etc. In this context, it is critical for the OSCE Office in Yerevan to pay due attention to the serious violations of human rights and democratic freedoms that Armenia has recently been witnessing. Moreover, the Office should not only co-operate closely with the authorities in the drafting of new legislation, but should also strengthen efforts to build institutional capacity for its implementation and the monitoring of preparations for the next elections, with the active involvement of civil society and the media. Otherwise, the next round of elections is also likely to be flawed, which would inevitably deepen the current political crisis in the country, further slowing down its democratic development.

#### *Promoting Regional Co-operation and Stability*

The fourth area of co-operation between the OSCE Office in Yerevan and CRD/TI Armenia is the promotion of regional co-operation and stability. As already mentioned, the Office assisted the CRD in preparing and holding the conference entitled "Towards Good Governance through Regional Co-operation" in Yerevan in October 2000. The conference, funded by the US State Department, brought together graduates from US universities in the region, along with experts from the USA, France, and Germany, to discuss corruption-related issues. One of the main outcomes was the idea of a joint project aimed at promoting transparency in regional customs, which was later funded by the

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6 For more details, see once again the website of CRD/TI Armenia, cited above (Note 4).

South Caucasus Co-operation Programme of the Eurasia Foundation and successfully implemented in 2001-2002 by CRD/TI Armenia together with the Azeri Entrepreneurship Development Foundation and the Georgian Association of Young Economists.

The success of the conference, which was attended by a representative of the TI Secretariat, raised TI's interest in making the CRD its NGO anti-corruption partner in Armenia. Soon after the conference, in November 2000, CRD representatives were invited to Tbilisi, Georgia, to meet with Peter Eigen, the chairman of TI, and Miklos Marschall, TI's regional director for Europe and Central Asia, to talk about possible co-operation. In December 2000, the CRD became a TI partner organization, in May 2001 it received the status of "national chapter in formation", and in October 2001 the organization was accredited as TI Armenia.

In September 2001, CRD/TI Armenia initiated the next regional event, a TI workshop on "Combating Corruption through Regional Co-operation" funded by the TI Secretariat and strongly supported by the OSCE Offices in Yerevan and Baku and the OSCE Mission to Georgia, representatives of which also participated in the workshop. Experts from TI chapters in Azerbaijan, Georgia, Russia, and Armenia, along with representatives of the TI Secretariat, Armenian state institutions, NGOs, and international organizations analysed the situation in the region and outlined several joint projects. The OSCE Office in Yerevan took this opportunity to organize a JTF meeting with representatives from the TI Secretariat and CRD/TI Armenia to share information about TI's goals and activities, find common interests in supporting concrete regional projects, etc.

In June 2004, TI organized its first ever regional meeting for Europe and Central Asia in Yerevan. The main objective of this initiative, which was closely linked with the decision to hold it in Yerevan, was to address the immense challenges of the South Caucasus in a constructive manner, and to reach out a hand of support to the governments and civil society of the region by offering to share the wealth of experience TI has gathered as a global organization. The regional meeting was attended by more than 130 participants from 26 countries in Europe and Central Asia, including representatives of TI national chapters and the TI Secretariat, international and local experts, government officials, NGOs, international organizations, and the media.

The extensive media coverage the event attracted raised the profile of the problem of corruption in the region, boosted public awareness of ongoing anti-corruption programmes in many countries in Europe and Central Asia, and showcased international best practices. The OSCE Office in Yerevan was not only one of the first international organizations located in Armenia that agreed to fund this regional initiative, it also called upon all JTF member organizations to support the meeting. The event was marked by an unprecedented level of support from international organizations such as the OSCE, the Council of Europe, the European Union, the Open Society Institute, as well as the British, Swiss, German, and US governments. This created a solid basis for future col-

laborative efforts between diverse international actors to promote regional anti-corruption efforts.

In addition, the OSCE decided to co-sponsor with the Eurasia Foundation the second joint project of CRD/TI Armenia and its regional partners, entitled "Trade Facilitation in the South Caucasus". Considering the promotion of economic stabilization to be one of the most important aspects of building security in the region, the OSCE Offices in Yerevan and Baku and the OSCE Mission to Georgia are all actively involved in the implementation of the 2004-2005 project. Its aim is to examine the current situation in customs authorities and other state bodies dealing with imports and exports in order to reveal key national and regional problems and to provide a regional forum for discussion between government officials and businesses.

Despite some positive developments towards trade facilitation in the region, imperfect legislation and vague procedures, poor law enforcement, a lack of transparency and information exchange, along with widespread corruption, are still hampering economic growth in Armenia and its neighbours. Among other factors, regional conflicts are also negatively influencing the economic stability of the South Caucasus. The OSCE should take advantage of input from non-governmental organizations, whose outsider perspective and neutral, non-political position may help facilitate dialogue between countries as an initial step towards actual economic stabilization. While national governments should be forced by the international community to move beyond declarative statements to take concrete action, the civil society of the countries in the region needs to be more effectively involved in monitoring reform processes, sharing information through regional networks, and finding applicable mechanisms and common solutions in the given field.

### *Conclusion*

Worldwide, Armenia is perceived as a very corrupt country. It was ranked 82nd of 146 countries in TI's 2004 Corruption Perception Index, gaining a score of 3.1 on a scale of zero to ten.<sup>7</sup> Corruption is one of the most critical factors hindering political, economic, and social development in the country and thus has a negative effect on regional security in the South Caucasus. The role of civil society in fighting corruption is as important as that of the national political leadership. In this respect, co-operation between CRD/TI Armenia and the OSCE Office in Yerevan is the best example of an effort to promote civil society participation in a diverse range of policy reforms that cover almost all aspects of the OSCE activities in Armenia.

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7 Cf. Transparency International, *Corruption Perception Index 2004*, at: <http://www.transparency.org/cpi/2004/cpi2004.en.html#cpi2004>. The index reflects the views of experienced businesspeople and country analysts on the level of corruption that is believed to exist in a country. The scale ranges from ten (no corruption) to zero (extreme corruption).

Alongside all that has been mentioned in this contribution, the OSCE Office also assisted CRD/TI Armenia in conducting and publishing the “Country Corruption Assessment: Public Opinion Survey”;<sup>8</sup> producing and broadcasting anti-corruption films; participating in numerous conferences and workshops in Armenia and abroad, such as the Eighth Human Dimension Implementation Meeting in Warsaw, 2003, the Ninth OSCE Economic Forum in Prague, 2001, and the preparatory and follow-up meetings to this held in Bucharest in March 2001 and July 2002. The OSCE Office has also raised support for various other initiatives and projects. The CRD/TI Armenia experts were offered the opportunity to carry out the “Arabkir Police Department Performance Public Opinion Poll” within the OSCE Police Assistance Programme<sup>9</sup> and to conduct training sessions on “Legal Aspects of Anti-Corruption Policy” as part of a training programme for the staff and experts of the Armenian parliament.

In the meantime, greatly expanded efforts and commitment are still needed to strengthen the anti-corruption movement in Armenia. Political developments during the last two years, mainly related to the 2003 elections, resulted in a growing rivalry between the ruling coalition and the opposition parties and led to general frustration and public mistrust. People see no genuine manifestation of a political will to promote democratic reforms and reduce corruption in the country, which would entail not only the adoption of strategies and laws, and membership in international structures, but also taking strong measures to detect violations and punish those responsible, uphold the rule of law and ensure social equality, sustain economic growth, and improve living standards.

Increasing the transparency and accountability of the system of governance and ensuring public participation in decision-making processes are necessary preconditions that must be fulfilled before Armenia can be considered for membership of the European Union. Under such conditions, it is critical for the current government to prove that its expressed willingness to implement true democratic reforms is to be taken seriously. This is where civil society, and CRD/TI Armenia, in particular, may become a watchdog with the task of ensuring the effective implementation of the reforms, increasing public awareness and participation, and making a valuable contribution to establishing democratic government and an open society. In this respect, the OSCE should assist both government institutions and civil society organizations in learning from the experience of the advanced Western nations, adjusting it to national and regional conditions, and facilitating the establishment of a partnership between the state and society that aims at ensuring the sustainable democratic development of Armenia.

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8 CRD/TI Armenia, *Country Corruption Assessment: Public Opinion Survey*, Yerevan 2002, also at: <http://www.transparency.am/Website/Publications/Survey/Survey-eng.pdf>.

9 CRD/TI Armenia, *Arabkir Police Department Performance: Public Opinion Poll*, Program Report, OSCE, Yerevan 2004, also at: [http://www.osce.org/documents/oy/2004/01/2332\\_en.pdf](http://www.osce.org/documents/oy/2004/01/2332_en.pdf).