



**Government Defence
Integrity Index**



2020

Country Brief:

ARMENIA

ARMENIA

The 2018-2020 period in Armenia was one of turmoil on the political scene and in external relations. The Velvet Revolution of 2018, with mass protests against the former President Serzh Sargsyan, resulted in significant political changes and two new governments in the course of 2018.¹ The Civic Contract party, led government under Nikol Pashinyan, came to power on a platform of democratic reforms, tackling political corruption, increasing transparency in policy-making, and maintaining Armenia's security in the region.² However, the July 2020 clashes on the border with Azerbaijan and the September-November 2020 war in Nagorno-Karabakh have completely changed the political and security landscape, fracturing the political consensus and shifting priorities.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2007
Arms Trade Treaty	Has not signed

Snap parliamentary elections in June 2021 that were largely held in accordance with international standards maintained Pashinyan's Civic Contract in power, but also returned to the parliament representatives of the former regimes specifically renowned for autocracy and kleptocratic governance.³ Armenia's government and society are still grappling with the aftermath of the war, which resulted in over 4,000 battlefield deaths, several thousands wounded, major losses of territory and a humanitarian emergency.⁴ The result of the war prompted questions about the apparent disparity in military equipment between Armenia and Azerbaijan, the training and shape of the two countries' forces and the international support that contributed to the outcome.⁵ Thus, the conflict has increased attention on the structure and governance of the defence sector. As things stand, Armenia's defence sector remains shrouded in secrecy, with limited external oversight of policy-making, financial management and acquisitions, despite some progress in recent years. Anti-corruption standards for personnel management, including training and codes of conduct, are minimal, while safeguards to corruption on operations are extremely weak.

Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.



¹ Freedom House, *Nations in Transit: Dropping the Democratic Façade*, Freedom House, Washington DC, 2019, p. 15.

² Miriam Lansky & Elspeth Suthers, 'Armenia's Velvet Revolution', *Journal of Open Democracy*, vol 30(2), 2019, pp. 85-99; International Crisis Group, 'Digging out of Deadlock in Nagorno-Karabakh', ICG, Report 255, 20 December 2019. International Crisis Group, 'Preventing a Bloody Harvest on the Armenia-Azerbaijan State Border', ICG, Report 259, 24 July 2020.

³ Christian Marmo, 'No More Velvet: Armenia's PM Nikol Pashinyan Promises a 'Steel' Revolution', *Emerging Europe*, 25 June 2021.

⁴ Neil Hauser, 'Armenia is Still Grieving', *Foreign Policy*, 24 April 2021.

⁵ Shaan Shaigh & Wes Rumbaugh, 'The Air and Missile War in Nagorno-Karabakh: Lessons for the Future of Strike and Defense' CSIS, 8 December 2020; 'Alexander Stronell, 'Learning the lessons of Nagorno-Karabakh the Russian way', IISS, 10 March 2021.

ARMENIA

Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

ARMENIA SCORE HIGH RISK

D

43



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

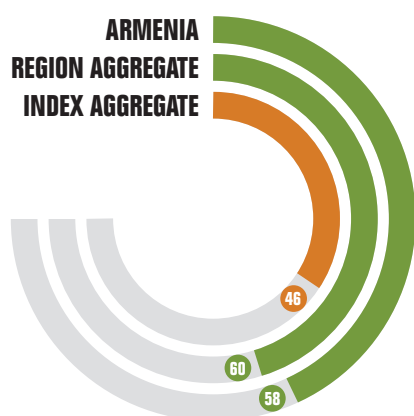
D > 33-49 HIGH

E > 17-32 VERY HIGH

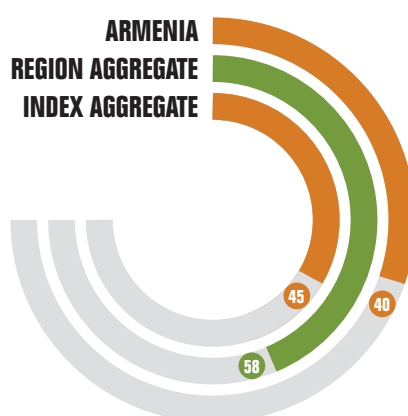
F > 0-16 CRITICAL

Risk Comparison

POLITICAL



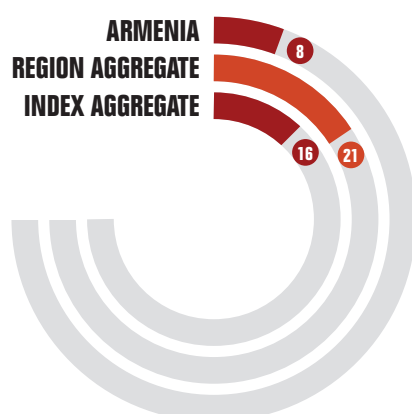
FINANCIAL



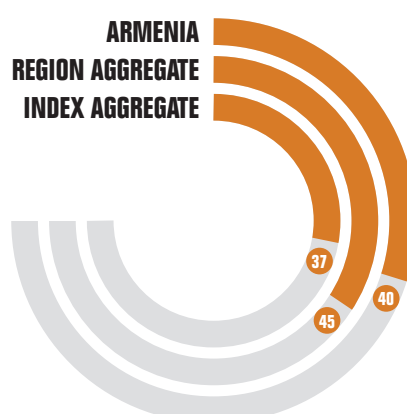
PERSONNEL



OPERATIONAL



PROCUREMENT



ARMENIA

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, IBP, 2019)	Not rated
Military expenditure as share of government spending (SIPRI, 2020)	16.7%
Committee members with defence expertise %	18% (2 of 11)
# of meetings/year	Data is not publicly available.
Last review of defence policy/strategy	2020

Under Armenia's presidential system of government until mid-2018, parliamentary oversight of the executive, and especially of defence, was hobbled by a government operating in a guarded manner, often refusing to respond to parliamentarians' questions for reasons of "secrecy"⁶ and actively side-lining opposition voices.⁷ Key documents, such as the national security strategy and military doctrine, were approved by presidential decree without parliamentary input. Other key texts were discussed by the Security Council, made up solely of members of the executive, and bypassed parliament entirely.⁸ The executive and their business allies had direct influence over the legislature, restricting its capacity and ability to perform oversight activities and effectively reducing it to a forum for approving draft laws. Additionally, there was very limited expertise within the parliament to ensure quality oversight – in 2019 only two out of eleven members of the Defence Committee had subject matter proficiency.⁹ Since then however, the rules of procedure of the National Assembly have been amended to tighten oversight over the executive and increase its accountability to parliament, for instance through the compulsory submission of reports on budget implementation. Already, there is evidence of Parliament taking on an increasingly active scrutiny role on defence matters.¹⁰ Nevertheless, there remain considerable obstacles to oversight. Parliament cannot scrutinise major arms procurement,¹¹ although the Defence Committee has the right to scrutinise classified expenditures and budgetary provisions during closed sessions. Yet it frequently fails to exercise this right in practice. Financial oversight is also exercised by the Audit Chamber, which is responsible for external auditing of defence spending.¹² While the Chamber is active in scrutinising defence spending,¹³ it has limited powers to ensure that its recommendations are implemented. Poor communication between the Ministry of Defence and Chamber mean that recommendations are rarely followed-up, and there is no formal mechanisms to monitor their implementation.

Financial Transparency

Defence-related access to information response rates	(1) % granted full access: Data is not publicly available. (2) # subject to backlog: Data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	None 2018, one scheduled for 2019 but currently no information on completion
Open Budget Survey (IBP, 2019)	Not rated
World Press Freedom Index (RSF, 2021)	63rd out of 180

Historically, transparency around government decision making in Armenia has been limited, with previous administrations conducting policymaking in an opaque manner.¹⁴ Weak transparency has also long been a characteristic of the defence sector, particularly with regards to financial management. Public access to information in defence is regulated by two laws. The Law on Freedom of Information ensures the right for public access to information held by state institutions.¹⁵ But the Law on State and Official Secrets effectively makes that provision irrelevant by allowing for classifying the major information in the defence sector as an area where the disclosure of information can have grave consequences for national security.¹⁶ This gives authorities broad scope to arbitrarily reject requests for information even if they pertain to non-sensitive data. This lack of transparency is also apparent in the secrecy surrounding the defence budget, the majority of which is not disclosed to the public. Only general items are published, with little clarity over the details, and figures are aggregated.¹⁷ Financial transparency is further undermined by the practice of off-budget spending in defence. While these funds require government approval and ministries are required to submit reports on off-budget spending,¹⁸ there is no information available on the Ministry of Defence. This lack of transparency heightens vulnerabilities to corruption and undermines the reliability of the budget for oversight purposes.¹⁹

⁶ Ashot Khurshudyan, Marijn Zeger Van der Wal, Elkan Mehdiyev, Tamar Pataraia, Shorena Lortkipanidze and David Sikharulidze, 'Oversight of the Security Sector by Parliaments and Civil Society in the Caucasus: Cases of Armenia, Georgia and Azerbaijan', *Cascade Caucasus*, September 2016, p. 9.

⁷ Lansky & Suthers, 'Armenia's Velvet Revolutions'.

⁸ Republic of Armenia, *Law on the Security Council's Formation and Activity*, March 2018.

⁹ Parliament of the Republic of Armenia, 'Standing Committee on Defence and Security,' 2019.

¹⁰ Ani Mejlumyan, 'Armenia Begins Probe of 2016 War', *Eurasianet*, 14 June 2019.

¹¹ Republic of Armenia, *Law on Procurement*, December 2016.

¹² Republic of Armenia, *Law on the Audit Chamber*, January 2018.

¹³ Audit Chamber, 'Archives'.

¹⁴ Bertelsmann Stiftung, *BTI 2020 Country Report: Armenia*, Gutersloh, Bertelsmann Stiftung, 2020, p. 28.

¹⁵ Republic of Armenia, *Law on Freedom of Information*, September 2003.

¹⁶ Republic of Armenia, *Law on State and Official Secrets*, December 1997.

¹⁷ Republic of Armenia, *Law on the RA 2020 State Budget*, 2019.

¹⁸ Republic of Armenia, *Law on the Budget System*, June 1997.

¹⁹ A1plus, 'Now, are there \$ 1.2 million USD in Martik's account or not?', 26 September 2016.

ARMENIA

Personnel Ethics Framework

Whistleblowing legislation	Law on Whistleblowing (2018)
# defence-sector whistleblower cases	Data is not publicly available
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

Armenia's Law on Whistleblowing entered into force in January 2018 and frames the rights and responsibilities of whistleblowers, including in relation to defence institutions.²⁰ The legislation is largely comprehensive, enshrining whistleblowers' right to protection, anonymity and non-disclosure of personal information.²¹ In the defence sector, the Ministry of Defence (MoD)'s Human Rights and Integrity Building Centre is the responsible authority for implementing the legislation and processing whistleblower reports.²² In institutional terms, the independence of the MoD's Human Rights Centre and its ability to protect whistleblowers could be limited by the fact that it is directly accountable to the Minister of Defence and its activities can be stopped at any time by the Minister's order. While this could protect the Centre from influence from elsewhere within the system, it does expose it to greater impact of the Minister's decisions, which could result in hesitation among potential whistleblowers. Elsewhere, anti-corruption standards for personnel, as laid out in codes of conduct, are weak. The conduct of military personnel is regulated by the Law on the Disciplinary Code of the Armed Forces²³ and the Law on Approving the Code of Internal Service of the Armed Forces.²⁴ While the laws lay out the foundations of military discipline, neither makes any reference to corruption issues. Conversely, civilian personnel are subject to the Law on Civil Service²⁵ and Decree N48²⁶ which explicitly address issues related to bribery and illicit enrichment. Nevertheless, there are question marks around the implementation of Decree 48, as there is no evidence that gifts are regularly reported or transferred to the State Treasury as proscribed.²⁷

Operations

Total armed forces personnel (World Bank, 2018)	49,000
Troops deployed on operations #	41 in Kosovo (NATO), 33 in Lebanon (UNIFIL) & 20,000 in Nagorno-Karabakh (Artsakh Defence Army)

Armenia has a significant number of soldiers in operations, from domestic posts to NATO missions and a contingent deployed with the UN in Lebanon. It has benefitted from participating in the NATO Building Integrity programme, however, the Armenian MOD does not appear to treat the issue of corruption in operations systematically. The military doctrine does not address corruption risks as a strategic issue.²⁸ Corruption considerations are not included in the forward planning processes for operations, and while the government has signalled an intent to focus on defence corruption issues, it is not clear whether operations are included in this.²⁹ Furthermore, training for commanders on corruption issues is dependent on civil society or military partners and tends to be restricted to Armenia's peacekeeping battalion. While the establishment of the Peacekeeping Training Area in Yerevan is a positive step; it remains to be seen whether there will be corruption-focussed courses delivered to peacekeepers. There is also no evidence that the military engages in corruption monitoring during operations or that specifically trained personnel are deployed to monitor and evaluate corruption risk in the field. This means that personnel and missions are ill-equipped to identify and address corruption-related issues during operations, significantly increasing the risk that such issues undermine mission objectives.

²⁰ Republic of Armenia, *Law on Whistleblowing*, August 2018.

²¹ *Law on Whistleblowing*, Article 6, clause 8.

²² *Law on Whistleblowing*.

²³ Republic of Armenia, *Law on the Disciplinary Code of the RA Armed Forces*, March 2012.

²⁴ Republic of Armenia, *Law on Approving the Code of Internal Service of the RA Armed Forces*, December 1996.

²⁵ Republic of Armenia, *Law on Special Civil Service*, November 2007.

²⁶ Government of the Republic of Armenia, 'Decree on the Procedure for Delivering Gifts Received to the State', N48, February 1993.

²⁷ Vahe Makaryan, 'Do not officials receive gifts or they hide it?', *hraparak.am*, 10 February 2018.

²⁸ Ministry of Defence, 'The Military Doctrine of the Republic of Armenia', 2007.

²⁹ Ministry of Defence, 'The Vision of the Minister of Defence of the Republic of Armenia', 9 July 2018.

ARMENIA

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	635
Open competition in defence procurement (%)	Exact data not publicly available.
Main defence exports – to (SIPRI, 2016-20)	N/A
Main defence imports – from (SIPRI, 2016-20)	Russia, Jordan

Before 2020 there was a steep and rapid increase in Armenia's military expenditure, from 3.9% of GDP in 2014, to 4.9% in 2019.³⁰ The increase has been driven by mounting tensions with Azerbaijan and its intensive armament, increasingly poor relations with Turkey and a new defence strategy that favours deterrence over deep defence.³¹ This shift has fuelled a significant procurement drive, including large contracts with Russia for sophisticated military hardware.³² As a result of this drive, in 2018, 21% of government spending was directed towards the military.³³ This increase in the volume of defence procurement, however, comes at a risk. Armenia's current oversight and management framework exposes the procurement process to considerable corruption risk. For instance, there is no clear process of acquisition planning that also involves external oversight or explicitly ties particular purchases to the National Security Strategy.³⁴

which obscures the rationale for the selection of procurement priorities and for specific choices. While the procurement of civilian-use goods is done through electronic portals, the majority of weapons procurement and military hardware acquisitions are classified, meaning they are not subject to publication, and complete information on the tender and contract terms are not made publicly available. Oversight of procurement procedures is further limited by secrecy clauses that restrict public oversight. The Audit Chamber has the power to monitor all defence procurement procedures; however, its reports related to the defence sector are not always publicly available and often are shared only in a summarised form.³⁵ Its cooperation with Parliament on defence issues is also limited, resulting in a loss of valuable information for both oversight bodies.

³⁰ SIPRI, 'Military Expenditure by Country as Percentage of GDP, 1988-2019', SIPRI, 2020.

³¹ European Security & Defence, 'Armenia in a Shifting Security Environment', 6 November 2019.

³² Novikova, 'Armenia in a Shifting Security Environment'.

³³ Sam Bhutia, 'Armenia-Azerbaijan: Who's the Big Defense Spender?', *Eurasianet*, 28 October 2019.

³⁴ Republic of Armenia, 'National Security Strategy', 2007.

³⁵ Ministry of Defence of the Republic of Armenia, 'The Vision of The Minister of Defence of The Republic of Armenia', <http://www.mil.am/en/news/5402>

Version 1.0, October 2021

GDI data collection for **Armenia** was conducted May 2018 to July 2019. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.

ARMENIA 2020 GDI Scorecard

		Grade	Score
Political Risk		C	58
Q1	Legislative Scrutiny	C	58
Q2	Defence Committee	E	21
Q3	Defence Policy Debate	B	75
Q4	CSO Engagement	B	75
Q5	Conventions: UNCAC / OECD	C	63
Q6	Public Debate	B	75
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	B	75
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	B	75
Q11	Acquisition Planning	D	33
Q12	Budget Transparency & Detail	A	88
Q13	Budget Scrutiny	C	63
Q14	Budget Availability	D	33
Q15	Defence Income	B	67
Q16	Internal Audit	C	50
Q17	External Audit	B	81
Q18	Natural Resources	B	67
Q19	Organised Crime Links	C	63
Q20	Organised Crime Policing	B	75
Q21	Intelligence Services Oversight	E	25
Q22	Intelligence Services Recruitment	E	25
Q23	Export Controls (ATT)	C	50
Q76	Lobbying	F	0
Financial Risk		D	40
Q24	Asset Disposal Controls	E	25
Q25	Asset Disposal Scrutiny	F	0
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	B	75
Q28	Secret Program Auditing	E	25
Q29	Off-budget Spending	D	33
Q30	Access to Information	D	38
Q31	Beneficial Ownership	C	63
Q32	Military-Owned Business Scrutiny	NEI	
Q33	Unauthorised Private Enterprise	B	75
Q77	Defence Spending	B	69
Personnel Risk		B	69
Q34	Public Commitment to Integrity	C	50
Q35	Disciplinary Measures for Personnel	A	100
Q36	Whistleblowing	B	67
Q37	High-risk Positions	F	0
Q38	Numbers of Personnel	C	50
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	92
Q41	Objective Appointments	D	42
Q42	Objective Promotions	C	50
Q43	Bribery to Avoid Conscription	A	100
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	C	56

OVERALL COUNTRY SCORE

HIGH RISK

D

43

RISK GRADE

A • 83-100 **VERY LOW**

B • 67-82 **LOW**

C • 50-66 **MODERATE**

D • 33-49 **HIGH**

E • 17-32 **VERY HIGH**

F • 0-16 **CRITICAL**



		Grade	Score
Personnel Risk		B	69
Q47	Civilian Code of Conduct	B	75
Q48	Anticorruption Training	C	58
Q49	Corruption Prosecutions	C	58
Q50	Facilitation Payments	B	75
Operational Risk		F	8
Q51	Military Doctrine	F	0
Q52	Operational Training	E	25
Q53	Forward Planning	F	13
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	F	0
Q56	Private Military Contractors	NS	
Procurement Risk		D	40
Q57	Procurement Legislation	C	50
Q58	Procurement Cycle	C	50
Q59	Procurement Oversight Mechanisms	C	50
Q60	Potential Purchases Disclosed	E	25
Q61	Actual Purchases Disclosed	B	75
Q62	Business Compliance Standards	C	63
Q63	Procurement Requirements	E	17
Q64	Competition in Procurement	C	63
Q65	Tender Board Controls	E	19
Q66	Anti-Collusion Controls	C	56
Q67	Contract Award / Delivery	B	75
Q68	Complaint Mechanisms	A	83
Q69	Supplier Sanctions	A	92
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI Not enough information to score indicator
NS Indicator is not scored for any country
NA Not applicable



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