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TRANSPARENCY INTERNATIONAL anti-corruption center



MONITORING OF
CAMPAIGN FINANCE
OF THE 2007 AND 2008 ELECTIONS IN ARMENIA

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INTRODUCTION

Electoral campaign finance, especially practices of abuse of administrative resources, is among the most problematic areas of the electoral process in Armenia. Analysis of the conduct of national and local elections by Transparency International Anti-corruption Center (TIAC) and other local NGOs, as well as some international experts since 2003 revealed that money, rather than ideologies and programs, is the most decisive factor in defining the outcomes of the Armenian elections. Illegal use of vast financial resources by the ruling elite and big businesses, which are converged with the former, along with various forms of financial and political pressure imposed on opposition parties, has seriously distorted the results of elections for more than a decade.

Meanwhile, Armenia has obligations related to electoral campaign finance within a number of international conventions or membership commitments listed below. In this regard, one should first mention the Document of the Copenhagen Meeting of the Conference on the Human Dimension of the Conference on Security and Cooperation in Europe (currently, Organization for Security and Cooperation in Europe) adopted on June 29, 1990. It requires from the participating States to *“ensure that law and public policy work to permit political campaigning to be conducted in a fair and free atmosphere in which neither administrative action, violence nor intimidation bars the parties and the candidates from freely presenting their views and qualifications, or prevents the voters from learning and discussing them or from casting their vote free of fear of retribution”* (see Point 7.7).

On April 8, 2003, at its 835th meeting of the Ministers’ Deputies the Council of Europe Committee of Ministers adopted Recommendation (2003)4 to member states on common rules against corruption in the funding of political parties and electoral campaigns. The Recommendation contains a set of rules (16 Articles) which should serve as guidelines for public and private support of political parties and candidates, donations from domestic and foreign donors, electoral campaign expenditure and transparency of funding.

Secondly, the United Nations Convention against Corruption states that: *“Each State Party shall also consider taking appropriate legislative and administrative measures, consistent with the objectives of this Convention and in accordance with the fundamental principles of its domestic law, to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties”* (see Paragraph 3, Article 7).

Finally, the European Neighborhood Policy European Union/Armenia Action Plan also calls the Armenian Government to take measures aimed to *“establish clear and transparent rules on party financing”* (see Paragraph 4.1.1).

TIAC¹ conducted the monitoring of election campaign finance during the 2003 and the 2007 parliamentary, as well as the 2008 presidential elections in Armenia. The goal of that monitoring was to disclose and analyze manifestations and causes of corruption in campaign finance, promote transparency and accountability of political actors, identify shortcomings of the electoral regulatory framework and its enforcement process. The organization’s monitoring projects funded by the Open Society Institute were carried out in March - June 2003, November - June 2007, and January – April 2008. The 2003 findings are presented on TIAC website (see <http://www.transparency.am/publications.php?offset=20>).

This publication summarizes the experience of TIAC in monitoring campaign finance and abuse of administrative resources in 2007 and 2008. In addition to the introductory part, the following chapters are included in the publication: a) **background information**, b) **regulatory framework**, c) **applied methodology**, d) **monitoring findings** and e) **conclusion and recommendations**. The comparison of official and monitoring data for the 2007 parliamentary elections is introduced in **Appendix 1**, while the relevant information on the 2008 presidential elections is presented in **Appendix 2**.

1 Before February 2008, the organization was called the Center for Regional Development/ Transparency International Armenia

BACKGROUND INFORMATION

2007 Parliamentary Elections

The elections of the Parliament (the National Assembly) were held on May 12, 2007 to elect 131 members for a five-year term. According to Article 95 of the Electoral Code, out of those 131 seats, 90 were elected on the national proportional party or bloc list². The remaining 41 seats were filled by the majoritarian, first-past-the-post vote in single-mandate constituencies. Twenty-two parties and one bloc ran for the proportional list and 119 candidates - for the majoritarian contest.

The election campaign officially started on April 8, 2007. The general atmosphere during the parliamentary elections was relatively calm compared to the next year's presidential elections. All applied parties and one bloc were registered by the CEC, and only one out of all majoritarian candidates was refused to be registered because of the incomplete documentation package. Meanwhile, for the first time during these elections the possibility to vote out of country (in the Armenian embassies and consulates) was eliminated³. Another negative sign was that none of the members of the Central Electoral Committee (CEC) or any of 41 Territorial Electoral Commissions (TECs) nominated by opposition parties was elected as chair, deputy chair and secretary of those commissions.

The conduct of campaign was positively assessed by the Election Observation Mission (EOM) of the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/DDIHR) due to their observation of permissive environment for campaigning, especially, for the proportional contest, adherence of publicly owned media to legal requirements concerning allocation of

2 According to Paragraph 2 of Article 115 of the Electoral Code, only those parties gain seats in the National Assembly which pass the threshold of 5% of the valid votes, while for the blocs the threshold is 7%.

3 See the Law on Making Changes and Amendments to the Electoral Code of the Republic of Armenia enforced on March 24, 2007 in *Official Bulletin of the Republic of Armenia* N15(539), March 14, 2007.

free airtime during the official campaign period, etc.⁴. International observers did not consider some violent episodes detected by local observers prior and during the official campaign period as incidents having a serious impact on the overall electoral environment. Meanwhile, local observers detected not only violence but also impeded campaigning, early campaigning, vote-buying, media bias, etc.⁵.

On the other hand, the EOM report mentioned that the commemoration of the 15th anniversary of the Armenian Army⁶ sponsored by the Ministry of Defense (headed by Serzh Sargsyan, leader of the Republican Party of Armenia since March 26, 2007) and launched prior to the official start of the campaign converged with the campaign of the Republican Party. The report states about evident merging of the party's image with the symbols and accomplishments of the Army⁷, which was an obvious violation of one of the requirements of the 1990 OSCE Copenhagen Document (see Paragraph 5.4) requiring separation of the State and the governing party. Another important observation made by international observers was the overwhelming dominance of billboards and campaign posters of the Republican Party and the Prosperous Armenia Party over those of other parties⁸. There were also references to the cases of refusals from advertising agencies to provide billboard spaces to opposition parties. Particularly, the Heritage Party and the Country of Law Party had the written copies of refusal letters received from three agencies⁹.

Another critical observation of the international observers concerned problems of media coverage of campaigning. The results of the OSCE/ODIHR EOM monitoring of seven Yerevan-based TV stations, two radio stations and four daily newspapers

4 See *The Republic of Armenia Parliamentary Elections 12 May 2007 OSCE/ODIHR Election Observation Mission Report, Warsaw, 10 September 2007* (www.osce.org/documents/html/pdf/tohtml/26169_en.pdf_s.html)

5 See www.iyc.am/docs/Report_eng.doc, www.hcav.am/Downloads/HCA_Vanadzor_Election_Report_Parliament_2007.pdf, www.asparez.am/news/archive/archive-4-feb-2008.htm and www.ypc.am/Old/Downloads/Reports/report-2007-eng.pdf

6 The events linked to the commemoration of the 15th anniversary of the Armenian Army started on January 28, 2007 and lasted until May 9, 2007.

7 See *The Republic of Armenia Parliamentary Elections 12 May 2007 OSCE/ODIHR Election Observation Mission Report, Warsaw, 10 September 2007*, p.12 (www.osce.org/documents/html/pdf/tohtml/26169_en.pdf_s.html)

8 *Ibid.*, p. 12

9 *Ibid.*

showed that, taking advantage from the absence of regulation for campaigning before the official start of the campaign, certain TV channels - ALM, Kentron and Hrazdan - aired political materials with promotional materials for some parties – the People’s Party, the Prosperous Armenia Party and the United Labor Party¹⁰. They also revealed a disproportionately high portion of political information devoted in the newscasts to the government and three political parties – the Republican Party, Prosperous Armenia Party and the Armenian Revolutionary Federation Dashnaksutyun¹¹. Most of the reporting about election contestants on TV channels (both public and private) was biased, with positive sign towards pro-governmental parties and negative – towards opposition ones¹².

During the 2007 elections, the CEC received numerous complaints from parties, candidates or individual citizens on campaign violations related to allocation of places for campaign posters, time of broadcasting campaign ads on Public TV, rejections to provide halls for meetings with voters, TV coverage of activities of public officials registered as candidates, etc.¹³. All complaints were given the response in the form of the letter of the CEC Chairman Mr. Garegin Azaryan, but not in the form of the CEC official decisions. International observers concluded with this regard that though the CEC was handling the complaints “*with overall transparency, some of its official responses were not sufficiently reasoned*”¹⁴. They also asserted noticeable lack of initiative from the side of CEC and TECs, which took actions only upon the receipt of a formal complaint, but did not initiate any review of actions of subordinate electoral commissions¹⁵.

As demonstrated by **Table 1**, only five parties passed the 5% barrier and thus received seats in the National Assembly (NA) in 2007. Out of 90 seats allocated for the parties/blocs participating in the proportional list contest, the Republican Party obtained 41, the Prosperous Armenia Party – 18, the Armenian Revolutionary

10 Ibid., p. 16

11 Ibid.

12 Ibid.

13 See www.elections.am/images/docs/dimum.htm

14 See *The Republic of Armenia Parliamentary Elections 12 May 2007 OSCE/ODIHR Election Observation Mission Report, Warsaw, 10 September 2007*, p. 20 (www.osce.org/documents/html/pdf/tohtml/26169_en.pdf_s.html)

15 Ibid.

Federation Dashnaktutyun Party – 16, the Country of Law Party - 8 and the Heritage Party – 7 seats. The Republican Party also dominated in the majoritarian contest, receiving 23 out of 41 seats, gaining 64 seats out of total 131 and therefore becoming the dominant political force in the Parliament.

Table 1. Final Results of the 2007 Parliamentary Elections.

Parties/Blocs	Number and Percentage of Votes ¹⁶
1. Republican Party of Armenia	458,258 (33.54%)
2. Prosperous Armenia Party	204,483 (14.97%)
3. Armenian Revolutionary Federation Dashnaksutyun	177,907 (13.02%)
4. Country of Law Party	95,324 (6.98%)
5. Heritage Party	81,048 (5.93%)
6. United Labor Party	59,271 (4.34%)
7. New Times Party	49,864 (3.65%)
8. National Unity Party	47,060 (3.44%)
9. People's Party	37,044 (2.71%)
10. Alliance Party	32,943 (2.41%)
11. People's Party of Armenia	22,762 (1.67%)
12. Republic Party	22,288 (1.63%)
13. Impeachment Bloc	17,475 (1.28%)
14. Communist Party of Armenia	8,792 (0.64%)
15. National Democratic Party	8,556 (0.63%)
16. Democratic Path Party	8,351 (0.61%)
17. National Accord Party	4,199 (0.31%)
18. Democratic Party of Armenia	3,686 (0.27%)
19. Christian Popular Renaissance Party	3,433 (0.25%)
20. United Liberal National Party	2,739 (0.2%)
21. Marxist Party of Armenia	2,660 (0.19%)
22. Youth Party of Armenia	2,291 (0.17%)
23. Social Democratic Hnchak Party	989 (0.07%)

The results of the parliamentary elections were questioned by the opposition parties and media because of numerous violations and falsifications during the whole electoral process. Three CEC members representing opposition parties (the

16 See www.elections.am/images/diagh.jpg

Justice Alliance¹⁷, the Country of Law Party and the National Unity Party) refused to sign the protocols of preliminary and final results of elections. On May 26, 2007, the Country of Law, the New Times and the Republic parties, as well as the Impeachment Bloc, separately appealed to the Constitutional Court (CC) against the results of the proportional list contest.

The CC decided to have joint hearings on all the appeals. Its Decision SDO-703 from June 10 upheld the final election results¹⁸. Besides those complaints on proportional list contest, there were three more complaints on the majoritarian one (two - from candidates from the Country of Law Party and one from the independent candidate affiliated to the opposition). On June 12, 2007, both candidates from the Country of Law Party withdrew their appeals claiming that they did not trust the CC; and on June 29, 2007, the CC ruled against the independent candidate by its decision SDO-704¹⁹.

The Final Report of EOM of OSCE/ODIHR stated that the 2007 elections demonstrated improvement compared to previous elections and were conducted largely in accordance with the OSCE commitments and other international standards for democratic elections²⁰. The changes in the Electoral Code, enhanced transparency of the CEC performance (e.g. providing a schedule for regular press briefings and posting key information on its web-site) and creation of a central computerized voter register were listed as evidences of positive developments.

Nevertheless, the Report also mentioned that a number of issues were still not sufficiently addressed (e.g. electoral campaign regulation, performance of

17 Justice Alliance bloc was formed just before the 2003 parliamentary elections to unite the forces of nine opposition parties: the People's Party of Armenia, the Republic Party, the National Democratic Union, the National Democratic Party, the National Democratic Alliance, the Democratic Party of Armenia, the Union for Constitutional Right, the Social-Democratic Hnchak Party and the Social-Democratic Party of Armenia. The bloc was on the second place among all proportional contestants in 2003, but failed to run a united opposition in 2007 and its former members competed either separately or did not participate in parliamentary elections.

18 See www.concourt.am/english/decisions/common/index.htm

19 Ibid.

20 See www.osce.org/documents/html/pdf/tohtml/26169_en.pdf s.html

electoral commissions, especially, during the vote count and tabulation, lack of implementation of sanctions for vote buying, etc.). In addition, local NGOs - It's Your Choice and Helsinki Citizens' Assembly Vanadzor Office - also revealed a number of violations related to the voting day such as incorrect voters' lists, open voting, infringement of rights of observers and proxies, etc.²¹

2008 Presidential Elections

The presidential elections were held on February 19, 2008. Seven candidates were nominated by parties: Artur Baghdasaryan, leader of the Country of Law Party; Artashes Geghamyan, leader of the National Unity Party; Tigran Karapetyan, leader of the People's Party; Aram Harutyunyan, leader of the National Accord Party; Vahan Hovhannisyan, one of the leaders of the Armenian Revolutionary Federation Dashnaksutyun Party and then Vice-Speaker of the NA; Vazgen Manukyan, leader of the National Democratic Union, and Serzh Sargsyan, then Prime-Minister and leader of the Republican Party of Armenia. Two other candidates, Arman Melikyan, the former Minister of Foreign Affairs of Nagorno Karabagh and Levon Ter-Petrosyan, the first President of Armenia, were self-nominated.

The 2008 campaign was characterized by sharp competition between governmental and pro-governmental camps and oppositional forces. Media reported about many cases of harassing and intimidating opposition supporters, collecting residents' passports to ensure "right" voting, giving promises to pay residents' utility bills for supporting Serzh Sargsyan, bribing voters, creating obstacles to citizens to attend opposition candidates' meetings, attacking oppositional candidates' local campaign offices, etc.²².

Section C of Chapter IX in the OSCE/ODIHR EOM Final Report on the 2008 presidential elections was devoted to the role of the state and local-self government in the

21 See www.iyc.am/docs/Report_eng.doc and www.hcav.am/Downloads/HCA_Vanadzor_Election_Report_Parliament_2007.pdf

22 See www.transparency.am/monitor_archive_2008.php?month=1+2008&offset=10

campaign²³. In that section international observers noted many occasions when public officials were campaigning in favor of Mr. Sargsyan, without taking leave of absence (e.g. mayors of Gyumri, Armavir or Odzun) or they were accompanying him at his campaign events (e.g. governors of Syunik and Lori Marzes, and mayors of cities of Yerevan and Vanadzor), as well as attendance of public sector (especially, school teachers) and local government employees at Mr. Sargsyan's rallies.

International observers also paid special attention to the controversy connected with Mr. Sargsyan's campaigning while performing his official duties as the Prime Minister of Armenia and the leader of the Republican Party of Armenia, dominant political force in the ruling coalition, with the largest faction in the NA. Additionally, they pointed to the fact that Mr. Sargsyan *"enjoyed a de facto campaign advantage over his rivals through the favorable media coverage he received in carrying out his official duties..."*²⁴.

As a conclusion, the EOM observers stated that *"The favorable treatment afforded to Prime Minister Sargsyan is incompatible with the legal requirements for the State to create equal campaign conditions and for officials to refrain from using authority to influence citizens' free will. It also led to a significant blurring of the separation between State and political party interests. These factors conflict with Armenia's commitments under paragraphs 5.4, 7.6 and 7.7 of the 1990 OSCE Copenhagen Document"*²⁵.

In 2008, local NGOs and oppositional media repeatedly mentioned the facts of abuse of administrative, media, financial and human resources by candidates holding high level positions and revealed a lot of the campaign related problems similar to those detected during the 2007 elections – media bias, early campaigning, impeded campaigning, vote buying, etc.²⁶. It should be however noted that this time all observed violations were spread much wider than during the parliamentary elections.

23 *The Republic of Armenia Presidential Election February 19 OSCE/ODIHR Election Observation Mission Report Warsaw 30 May 2008*, pp. 11-12 (www.osce.org/documents/html/pdftohtml/31397_en.pdf.html)

24 *Ibid.*, p. 12

25 *Ibid.*

26 See www.ypc.am/downloads/Elections_report-2008-eng.pdf, www.asparez.am/news/archive/archive-4-feb-2008.htm and www.hcav.am/Downloads/Elections_Report_Presidential_elections.pdf

On February 24, 2008, the CEC announced final results of elections: Serzh Sargsyan (862,369 votes), Levon Ter-Petrossyan (351,222), Artur Baghdasaryan (272,427), Vahan Hovhannisyan (100,966), Vazgen Manukyan (21,075), Tigran Karapetyan (9,792), Artashes Geghamyan (7,524), Arman Melikyan (4,399), and Aram Harutiunyan (2,892). According to the CEC official statement, Serzh Sargsyan won the election with 52.8% of the vote, while Levon Ter-Petrossyan and Artur Baghdasaryan received 21.5% and 16.7%, respectively²⁷.

Several days after elections, Artur Baghdasaryan stated that the legitimacy of the election was under question because of many irregularities²⁸. The fourth-placed candidate Vahan Hovhannisyan stepped down as Deputy Speaker of Parliament referring to election irregularities (though his party did not dispute the election results)²⁹. The fifth-placed candidate Vazgen Manukyan also claimed that election violations had occurred, whereas Levon Ter-Petrossian declared about widespread falsifications and violations during elections and appealed to the CC seeking to invalidate the election results. The case was also filed by the sixth-placed candidate Tigran Karapetyan, but the CC rejected both cases on March 8, 2008³⁰.

According to media, the incidents during the voting day of February 19 ranged from irregularities in the voters' lists, ballot stuffing and "carousel" voting to throwing out local observers or proxies of opposition candidates from polling stations or even beating them³¹. Local observers such as It's Your Choice, "Asparez" Journalists' Club from Gyumri and Helsinki Citizens' Assembly Vanadzor Office also pointed to a variety of violations such as open voting, voting instead of disabled, presence of unauthorized persons in the voting centers, limiting the rights of proxies and observers, vote buying, forcing the proxies to leave the voting centers, etc.³²

27 See www.elections.am/Presidential.aspx

28 See *Haykakan Zhamanak* daily, February 27, 2008

29 See www.azg.am/EN/2008022603

30 See the CC Decision DCC-736 from March 8, 2008 on www.concourt.am/english/decisions/common/index.htm#2008

31 See www.transparency.am/monitor_archive_2008.php?month=2+2008

32 See www.iyc.am/docs/final%20report%20eng.doc, <http://www.asparez.am/news/archive/archive-4-feb-2008.htm> and www.hcav.am/Downloads/Report_Presidential_elections.pdf

International observers were more critical on the conduct of elections than in 2007. They specifically noted that *“While the 2008 presidential elections mostly met OSCE commitments and international standards in the pre-election period and during voting hours, serious challenges to some commitments did emerge, especially after election day. This displayed an insufficient regard for standards essential to democratic elections and devalued overall election process. In particular, the vote count demonstrated deficiencies of accountability and transparency, and complaints and appeals procedures were not fully effective”*³³.

During nine days following the elections, supporters of Levon Ter-Petrossian organized peaceful demonstrations on the Opera Square in Yerevan to protest against falsified elections. In early morning of March 1, 2008, the national police and military forces brutally dispersed the protesters. Later that day, clashes between the police forces and the demonstrators gathered in front of Miasnikyan’s monument and the French Embassy resulted in the death of ten persons. On March 1, 2008, President Kocharyan declared a state of emergency in Yerevan for a period of twenty days which was endorsed by the NA the same day to establish inter alia the ban on meetings, rallies, demonstrations, marches and other mass events³⁴.

On March 17, 2008, in the course of an extraordinary session, the NA adopted “The Law on Amending and Supplementing the Republic of Armenia Law on Conducting Meetings, Assemblies, Rallies and Demonstrations” to keep the ban on meetings and rallies after lifting the state of emergency³⁵. Around 150 opposition leaders and activists were arrested; criminal cases were filed against them including 4 members of NA. Most of the arrested people were sentenced to different terms of imprisonment (from 1 to 6 years)³⁶. More than a year passed, but the trials of many political prisoners are still going on and Armenia is still experiencing the worst ever crisis with democracy and human rights.

33 See *The Republic of Armenia Presidential Election February 19 OSCE/ODIHR Election Observation Mission Report Warsaw 30 May 2008*, p. 1 (www.osce.org/documents/html/pdf/html/31397_en.pdf.html)

34 See the Presidential Decree NH-35-N from March 1, 2008 in Hayastani Hanrapetutyun daily, March 4, 2008 (which was not published in Official Bulletin of Republic of Armenia).

35 See *Official Bulletin of Republic of Armenia* 17(607), March 19, 2008.

36 See www.a1plus.am or www.armenialiberty.org archives for details about trials of opposition activists

International community reacted to brutal post-election developments in Armenia by numerous statements and resolutions specifically expressing great concerns on the human rights situation in the country. In particular, statements were made by Mr. Sean McCormack, spokesman for the US State Department³⁷, Mr. Heikki Talvitie, on behalf of Ilkka Kanerva, OSCE Chairman-in-Office and Minister of Foreign Affairs of Finland at that period³⁸, Mr. Ban Ki-moon, UN Secretary General³⁹, the Slovenian Government, on behalf of the European Union's Presidency⁴⁰, etc.

The post-election developments and their consequences were on the agenda of the Parliamentary Assembly of Council of Europe (PACE) Spring 2008, Fall 2008 and Winter 2009 sessions. The suspension of the voting right of Armenia was put under question by the European parliamentarians. Their concerns were reflected in the following resolutions - PACE Resolution 1609⁴¹, April 17, 2008, PACE Resolution 1620, June 25, 2008⁴² and PACE Resolution 1643, January 27, 2009⁴³.

Particularly, the Resolution 1609 demanded to have "...an independent, transparent and credible inquiry into the events of 1 March and the circumstances that led to them...", urgent release of "...the persons detained on seemingly artificial and politically motivated charges or who did not personally commit any violent acts or serious offences in connection with them..." (see Point 12.1) and to revoke "...the amendments recently adopted by the National Assembly to the Law on Conducting Meetings, Assemblies, Rallies and Demonstrations... in line with the recommendations of the Venice Commission..." (see Point 12.3). Not much progress has been made since then by the Armenian authorities to follow those recommendations, and the PACE will again go back to the situation in the country.

37 See www.armenialiberty.org/armeniareport/report/en/2008/03/CAAAB13F-E294-4D1E-A947-1956C488DA4F.asp

38 See www.armenialiberty.org/armeniareport/report/en/2008/03/2F9DD741-4FC7-4597-8AC8-A03748F1DE7A.asp

39 See www.un.org/apps/news/printnews.asp?nid=25823

40 See www.armenialiberty.org/armeniareport/report/en/2008/03/F51B8727-39E0-49C1-AF24-8B3C04322AF8.asp

41 See assembly.coe.int/Main.asp?link=/Documents/AdoptedText/ta08/ERES1609.htm

42 See assembly.coe.int/Main.asp?link=/Documents/AdoptedText/ta08/ERES1620.htm

43 See assembly.coe.int/Mainf.asp?link=/Documents/AdoptedText/ta09/ERES1643.htm

The post-election crisis in the country dropped country's ranking with respect to human rights and political freedoms. As mentioned in the US Department of State 2008 Human Rights Report: Armenia, *"The government's human rights record deteriorated significantly during the year, with authorities and their agents committing numerous human rights abuses, particularly in connection with the presidential elections and the government's suppression of demonstrations that followed."*⁴⁴

Another relevant source is the Armenia Chapter in the recent Human Rights Watch 2009 World Report, according to which *"Armenia experienced one of its most serious civil and political rights crises since independence when security forces used excessive force on March 1 against opposition demonstrators protesting the results of February 2008 presidential election."*⁴⁵. The Freedom House also reflected on the situation in Armenia in its "Freedom in the World 2009: Setbacks and Resilience" overview essay⁴⁶. It is noted on Page 14 that *"Armenia's political rights rating declined from 5 to 6 due to the inability of the opposition to successfully compete for political power in 2008 presidential election, as well as the violent dispersal of opposition protesters and continued detention of more than 100 people arrested in the aftermath of the voting."*⁴⁷.

On March 11, 2009, the Millennium Challenge Corporation (MCC) left the suspension of the funding for roads within the Armenia Compact in place because *"...it [the government] has failed over several years to address concerns raised not only by MCC and other US Government agencies, but the international community as well. It's now incumbent upon the government of Armenia to restore the Board's confidence to its commitment to democracy and good governance."*⁴⁸. The initial suspension in June 2008 was motivated by unresolved problems with the human rights and civil liberties, and the recent decision was determined by insufficient progress with resolution of those problems.

44 See "2008 Human Rights report: Armenia" of the Bureau of Democracy, Human Rights and Labor of the US Department of State, p. 1 (www.state.gov/g/drl/rls/hrrpt/2008/eur/119066.htm)

45 See "World Report 2009: Armenia Events of 2008" of the Human Rights Watch, p. 1 (www.hrw.org/en/node/79227)

46 The detailed country reports will be available in late Spring 2009

47 See www.freedomhouse.org/uploads/fiw09/FIW09_OverviewEssay_Final.pdf

48 See www.mcc.gov/press/releases/documents/release-031109-board.php

REGULATORY FRAMEWORK

Conceptually, the legal regulation of campaign finance and use of administrative resources can be categorized into four related components – **pre-election campaign, abuse of administrative resources** during the campaign, **financing of the pre-election campaign**, and **control and reporting of campaign activities, incomes and expenses**. The main principles and provisions related to these components are presented in the first part of the Armenian Electoral Code (Chapters 1-12, which include Articles 1 to 63.2). Provisions that are specific to particular type of elections (presidential, parliamentary or local self-government) contain in the second part of the Code (Chapters 13-30.6, Articles 64-138.18). In addition, there are also provisions in other laws and codes that regulate certain aspects of the electoral processes. Among those legal acts are the Law on Television and Radio, the Law on the Charter of the National Council on Television and Radio, the Law on Parties, the Criminal Code and the Code on Administrative Offences, etc⁴⁹.

Pre-election campaign

Chapter 4 of the Electoral Code (see Articles 18-23) lays out the major principles of campaigning and use of administrative resources during pre-election campaign. The most important principle spelled out explicitly in Article 18 is the freedom of carrying out campaign by the individual citizens and political parties. This freedom is guaranteed by the state, which also ensures support for campaigning to all participating candidates and parties on equal basis by providing them with premises to carry out campaign events free of charge. The state also requires allocation of equal amount of broadcast time and space on state-owned TV and radio companies and newspapers. Other important provisions of Article 18 are setting the timelines of the campaign, defining the forms of campaign, prohibiting any forms and types of promises (money, food, securities, goods or services) to voters by candidates and parties, defining the procedures of regulation of campaign activities by electoral commissions, and regulating campaigning by candidates, who are under arrest.

⁴⁹ The mentioned legal acts underwent numerous changes since their adoption, which can be tracked through IRTEK legal database.

Article 18 regulates the timelines of campaigning: pre-election campaign starts the next day after the deadline for the registration of the candidates and parties for the electoral contest and ends one day before the voting day. Campaigning on the voting day and the day before the voting day is forbidden.

Another important provision of Article 18 is the definition of campaign activities. Paragraph 6 of the mentioned Article defines the types of the campaign activities such as campaigning in mass media, meetings, public discussions, rallies, demonstrations, marches, dissemination of print, audio- and visual materials. The provision could be helpful in categorizing campaign expenses. Paragraph 7 of the same Article explicitly prohibits individual candidates and parties rendering or making personally or on their behalf promises to voters related to money, food, goods, services or other benefits.

The state also guarantees equal treatment of electoral contestants in using media resources (see Article 20). The requirement to provide equal treatment applies not only to the publicly owned media outlets, but also to the media outlets of any ownership, with the exception of newspapers established by political parties (see paragraphs 3, 4, 5 and 10 of Article 20). Paragraph 4 of Article 20 contains another important provision for campaign finance - during national elections. Public TV and Public Radio are required to publicly announce their rates for one minute of broadcast not later than 10 days after the announcement of elections. The next paragraph extends this requirement on other TV and radio-companies, as well. Paragraph 6 of the same Article contains another important provision. It defines the forms of campaign in mass media: public discussions, round table discussions, press conferences, interviews, political ads and "other forms, not prohibited by law".

In addition to the Electoral Code, the regulation of campaigning in media is provided by Article 11 of the Law on Television and Radio. Article 11 repeats the requirements set in Paragraphs 3, 4 and 5 of Article 20 of the Electoral Code on guaranteeing equal opportunities by TV and radio companies to elections contestants and publicly announcing the rate for one minute of broadcast time, as well as the ban set by Article 18 of the Electoral Code on campaigning on the voting day and the day before voting day. In addition to the announcement of the rate, Article 11 also

requires from TV and radio companies to publicly announce about other conditions of provision of broadcast time. The Article 11 obliges ensuring fair and equal opportunities for all contestants in the TV and radio companies' news programs by providing impartial and neutral coverage of campaign activities during such programs. Article also provides that all free of charge and paid (from pre-election funds) campaign-related programs, ads and other products on TV and radio should be accompanied by "election campaign" caption on TV and at least three times reminder about the purpose of the program on radio.

Article 21 of the Electoral Code regulates the use of posters, billboards and other campaign print materials. Paragraphs 1 and 2 of the Article refer to ensuring equal right for all political parties and candidates to freely publish and disseminate campaign print materials and allocation of special places within the territory of the community for posting the print materials, whereas Paragraphs 6 and 7 concern requirement for print materials to contain information about the organizations and individuals who are responsible for the publication, as well as the printing company and number of printed copies and ban on disseminating anonymous print materials, respectively. Additionally, Paragraph 3 of Article 22 requires that organization which has conducted the poll on the ratings of candidates and parties should submit, among other data, information on political party (bloc) or candidate who ordered the poll as well as on source of funding of the publication of the poll results.

Several provisions on campaign specific to particular types of elections are contained in the second part of the Electoral Code. In particular, Article 81 provides that each presidential candidate has the right to use free of charge up to 60 minutes of broadcast time on Public TV and up to 120 minutes on Public Radio. Also, he/she can purchase up to 120 and 180 minutes of broadcast time to use for campaign purposes from Public TV and Public Radio, respectively. Paragraph 4.1 of the same Article defines the respective amounts of free and paid broadcast time on Public TV and Public Radio in the case of the second round of presidential elections. Each of two candidates in this case has the right for up to 15 and 25 minutes free of charge and 25, as well as 35 minutes for charge broadcast time on Public TV and Public Radio, respectively.

Article 113 of the Code obliges that political parties and blocs participating on the proportional list contest of parliamentary elections have the right for the same amount of free and paid broadcast time on Public TV and Public Radio as the presidential candidates during the first round of presidential elections. Finally, Article 138.15 of the Code extends the regulations for campaign to the Yerevan City Council elections campaign. Paragraphs 4 and 5 of that Article define the maximum amount of broadcast time for parties participating at the Yerevan elections: “free” - 30 and 50 minutes and “paid” - 50 and 80 minutes for Public TV and Public Radio, accordingly.

Abuse of administrative resources

A number of provisions in the Electoral Code are aimed to prevent abuse of administrative resources during elections. For example, Paragraph 4 of Article 18 prohibits state and municipal institutions and their employees, as well as members of the CC, judges, military, police and national security officers, from campaigning and disseminating any type of campaign materials while performing their official duties. Paragraph 2 of Article 22 of the Code contains very important provision - it prohibits the employees of state and municipal institutions, as well as staff members of those media outlets established by state or municipal institutions, to use their powers for creating unequal conditions among candidates or influence on the free expression of the will of the citizens.

Article 22.1 defines the limitations on the electoral campaign for those candidates who hold political or discretionary positions or are employed by state, civil or municipal institutions. Such candidates do not have right to:

- 1) conduct campaign while performing their official duties or abuse their position to get advantage during the elections;
- 2) use for campaign purposes the premises, transportation means, human and material resources given to them to perform their official duties, with the exception of means necessary for the protection of high-ranking public officials stipulated by the Law on Ensuring the Security of Persons Subject to Special State Protection.

The same Article prohibits mass media outlets to cover the official activities of such candidates, except for the cases, defined by the Constitution, official visits and receptions, as well as measures that such candidates take during natural disasters.

Another relevant provision is Paragraph 4 of Article 27 which prohibits the members of CC, judges, police and national security service officers, employees of the Ministry of Defense, employees of tax and customs bodies and others from becoming proxies. According to Paragraph 4 of Article 34, a broad spectrum of public officials is prohibited to become members of any level electoral commissions.

Article 78 provides that presidential candidates who hold public offices or work in municipal bodies should be released from their duties during elections and should not use their position to get advantage. Only the President or the Acting President (who could be either an NA Speaker or a Prime Minister) could continue performing their duties during campaign, though without abusing their official status.

Finally, members of the CC, judges, police and national security officers, employees of tax, customs and prosecution bodies and military servicemen cannot be registered as candidates for parliamentary or local self-government elections including the Yerevan Council elections (see Articles 97, 122 and 138.4, respectively).

Campaign finance

According to Article 25 of Chapter 5 of the Electoral Code, parties and candidates have the right to establish “pre-election funds” to ensure campaign financing, as well as to collect money for their election deposits. These funds are temporary special bank accounts with no dividends. Presidential candidates and political parties/blocs (participating in proportional list contest at parliamentary elections and Yerevan Council elections) open their pre-election funds in the Central Bank of Armenia⁵⁰. Individual candidates open their pre-election funds in those commercial banks which have branches in all marzes (provinces) of Armenia⁵¹. The funds could

50 The bloc establishes a single pre-election fund for financing its campaign.

51 Candidates included only in the lists of parties/blocs participating in the proportional list contest of parliamentary elections do not open their pre-election funds.

be opened already on the second day after the nomination of parties/blocs or candidates based on a written notice that appropriate electoral commissions⁵² give to the nominated parties or candidates⁵³ to submit to banks. Only the authorized persons of parties/blocs or individual candidates could spend the means accumulated in the pre-election funds.

Paragraph 1 of the same Article provides that pre-election funds are formed through personal means of the candidates, means provided by parties to their nominated individual candidates, own means of parties and voluntary donations from legal and physical persons. The next Paragraph of that Article defines the list of those persons who have no right to make donations to pre-election funds. Those are as follows:

- 1) state and municipal governance bodies;
- 2) institutions (organizations) funded from the state budget;
- 3) foreign physical and legal persons;
- 4) persons without citizenship;
- 5) organizations performing economic activities that have the Government of Armenia or municipalities among their shareholders;
- 6) organizations in which foreign entities own at least 30% of shares;
- 7) benevolent and religious organizations, international intergovernmental and non-governmental organizations;
- 8) state owned non-commercial organizations.

Donations made by the mentioned physical and legal persons are to be transferred to the state budget.

Paragraph 4 of the same Article states that there should be maximum sizes of donations made by physical and legal persons defined by the relevant sections of the Electoral Code regulating presidential, parliamentary, local self-government and Yerevan Council elections. The sizes are defined by Article 79 of the Code (for

52 Parties/blocs running for parliamentary and Yerevan elections, as well as presidential candidates, should apply to the CEC, while the majoritarian candidates and candidates for other local elections – to territorial commissions.

53 According to Paragraph 1 of Article 25, the notice should be given by the corresponding electoral commission within one day after the candidate or party/bloc submits necessary documents for nomination.

presidential elections), Article 112 (for parliamentary elections) and Article 138.16 (for the Yerevan Council elections), while for other local elections it is not defined at all. When donations exceed the mentioned maximum sizes, or the parties and candidates are denied for registration, or the means left after the elections (except for some cases prescribed by law), the money should be also transferred to the state budget⁵⁴. Paragraph 6 of Article 25 requires that the banks should return the donations to the donors in case the maximum size of the pre-election fund is exceeded.

According to Article 79, the pre-election fund of the presidential candidate should not exceed 70,000 times of minimal rated salary (1,000 AMD or about \$2.7⁵⁵) or 70 mln. AMD. The maximum size of payment that the presidential candidate can make to his/her pre-election fund is equal to 10,000 minimal salaries or 10 mln. AMD. If a political party nominates the presidential candidate, then the payment of the party to the pre-election fund should not exceed 30,000 times of the minimal salary or 30 mln. AMD. The donations for the physical and legal persons should not exceed 200,000 AMD and 500,000 AMD, respectively.

Besides, if the presidential candidate received more than 5% of votes, then he/she should use the remaining means in the pre-election fund for benevolent purposes within three months after the official announcement of the results of elections. If during that period the presidential candidate has not used these means, then they should be transferred to the state budget. The remaining amount of the pre-election funds of those presidential candidates who received less than 5% of votes should be immediately transferred to the state budget.

Similar provisions also apply for parties participating in the proportional list contest of parliamentary elections (see Article 112). The corresponding sizes of pre-election funds and sizes of donations and payments for candidates and parties/

54 According to Paragraph 10 of Article 25, if the elections are declared invalid, the means left in the pre-election funds should be frozen until the registration of candidates or parties/blocs for new elections. Thus, the candidates and parties/blocs could use the remained means in these new elections if they are registered.

55 At a rate of 1\$=369.85 AMD as of April 1, 2009 (see www.cba.am/CBA_SITE/currencyJSP/allCurrencies.jsp)

blocs participating in parliamentary elections are set as 60 mln. AMD - for political parties/blocs and 5 mln. AMD - for majoritarian candidates. The political party can make maximum 2 mln. AMD payment to its pre-election fund (in the case of blocs this amount can be paid by each of the parties of the bloc), whereas individual candidate – 1 mln. AMD. The maximal sizes of donations by physical and legal persons to the pre-election funds of parties (blocs) and individual candidates are 50,000 AMD and 150,000 AMD, respectively. Exactly the same limits are set for pre-election funds, payments and donations for parties/blocs participating in Yerevan elections (see Article 138.16).

Control and reporting of campaign activities, incomes and expenses

Control and review over campaign activities are under the competence of different level of electoral commissions, local self-government bodies and other relevant state entities. Thus, according to Paragraph 8 of Article 18 of the Electoral Code, the electoral commissions should oversee the compliance of the activities of the candidates and parties/blocs to appropriate laws and procedures. In the case of the violations, the appropriate commission should issue warning to the violator to remove the consequences of the violation within 3 days. If the consequences of the violations are not removed, then the commission appeals to the court to declare void the registration of the violating candidates or parties/blocs.

Paragraph 2 of Article 20 of the Code authorizes the CEC to define on the next day following the end of the registration of parties/blocs and candidates for national elections the procedures and schedule for the allocation of free and paid broadcast time on Public TV and Public Radio. The same also applies to the regulation of broadcast time allocation on Public TV and Public Radio during the Yerevan elections (see Article 138.15). Paragraph 9 of Article 20 puts the responsibility for the control over the implementation of the provisions regulating campaign in mass media on the National Commission of Television and Radio (NCTR). In case of detecting violations, the NCTR could appeal to court, while the CEC has the right to submit its opinion during the court hearings.

According to Article 79 of the Law on the Charter of the NCTR the latter should

impose a 500,000 AMD fine on the TV or radio company, if the programs of campaign nature are broadcasted when campaigning is forbidden (on the voting day and the day before the voting day). Article 80 of the same Law empowers the NCTR to fine by 100,000-200,000 AMD those TV or radio companies which violate the requirement to put a “pre-election campaign program” or “political advertisement” caption (for TV companies) or remind the audience at least three times during broadcast about the nature of the program (for radio companies). Lastly, local self-government bodies should regulate the issues related to the placement of campaign print materials (see Article 21 of the Electoral Code).

Paragraph 6 of Article 25 of the Electoral Code also requires the banks, where pre-election funds are opened, to submit statements on all transactions (payments to and expenses made from the pre-election funds) to the appropriate electoral commissions every three days. Paragraph 7 of Article 25 provides that if candidates or parties/blocs use other (than pre-election fund) means, then the CEC can appeal to court to declare void their registration. The next Paragraph 8 obliges that all transactions connected with the pre-election fund should be ceased starting from the voting day. However, Paragraph 9 states that the CEC could allow making payments from pre-election funds after the voting day if these payments are for those transactions that took place before the voting day.

All registered candidates and parties/blocs are required to report on the transactions through their pre-election funds. Paragraph 11 of Article 25 of the Code states that they should submit declarations on the pre-election fund transactions to those electoral commissions where they are registered. The declarations should be submitted twice during elections: on the 10th day followed the start of the campaign and not later than on the 6th day after the “end of elections” (the day of the announcement of final results). The same Paragraph defines what information should be contained in the submitted declaration:

- 1) dates of all payments made to the pre-election fund, names of those who made them, as well as their addresses and amount of the payments;
- 2) dates of the expenses and information on the documents that verify those expenses;
- 3) amount remained in the pre-election fund.

As to the form of the declaration and procedure of its submission, those should be defined by the CEC.

By the same Paragraph, the electoral commissions which receive declarations from candidates and parties/blocs running for national elections should send those declarations within 3 days to the Oversight-Review Service (ORS) under the CEC. The formation and functioning of the OAS should be defined by the latter. The OAS should be established only during national elections to oversee the use of funds allocated to electoral commissions from the state budget, as well as transactions through the pre-election funds (see Article 26 of the Electoral Code). That body is to be set up on the day of the declaration of elections and to stop its activities on the 45-th day after the announcement of the final results of elections. Within 20 days from the moment it receives the declarations from the CEC, the OAS should audit the declarations and submit the audit results to the CEC.

The declarations of presidential candidates and parties/blocs participating in the proportional list contest of parliamentary elections should be posted on the CEC web-site (www.elections.am) within 3 days after the preliminary check by ORS. In the case of majoritarian candidates, the copies of their declarations (not posted on the website) could be submitted to proxies, mass media and observers.

The Armenian electoral legislation also foresees sanctions for the violations of the rules of campaign and campaign finance. Particularly, Article 139 of the Electoral Code defines those 30 violations of the requirements of the Electoral Code for which the candidates and parties/blocs could be held liable. Among them are the following:

- 1) campaigning on the voting day or the day before the voting day;
- 2) publishing results of the opinion polls on the ratings of candidates and parties during the 7 days preceding the voting day;
- 3) campaigning or disseminating campaign materials by those legal and physical persons who do not have the right to conduct campaign;
- 4) creating obstacles to the conduct of campaign;
- 5) disseminating anonymous campaign materials;
- 6) refusing submission of declarations on pre-election funds in a manner

- prescribed by law;
- 7) not providing equal opportunities for campaigning by state-owned media outlets.

Specific penalties for the breaches of the electoral legislation are defined by the Armenian Criminal Code (see Articles 149 -154.5) and the Code on Administrative Offences (see Articles 40¹ – 40⁷). However, not all of the above mentioned 7 types of violations related to campaigning and campaign finance are explicitly addressed in the mentioned Articles. Articles explicitly addressing campaign and campaign finance violations are Article 40¹ (campaigning on the voting day or the day before the voting day) and Article 40³ (refusal to submit declarations on pre-election funds) of the Code on Administrative Offences. According to Article 40¹, campaigning on the voting day or the day before the voting day entails to a fine of 200,000-500,000 AMD. Refusal to submit declaration on the pre-election fund entails a fine to the amount of 100,000-200,000 AMD.

Articles 149, 151 and 154.2 of the Criminal Code could be also applied to penalize campaign-related violations. For example, Article 149 penalizes hindering the exercise of the voting rights of citizens, activities of the electoral commissions or exercise of duties by persons participating in the elections (fine of 300,000-500,000 AMD or detainment up to 3 months and if it is committed in aggravating circumstances – imprisonment for 2-5 years). Article 151 punishes dissemination of slanderous materials against the candidate or party/bloc participating in the elections (fine of 400,000-700,000 AMD or imprisonment for 1-5 years). Finally, Article 154.2 on hindering the exercise of the free will of voters explicitly refers penalty for vote-bribing⁵⁶. Under this Article, the bribe receiver could be fined by 200,000-500,000 AMD or get from 1 to 3 years of imprisonment, whereas the bribe giver – fined by 500,000-1,000,000 AMD or imprisoned from 2 to 5 years.

56 Article 154.2 penalizes giving or receiving bribe for voting in favor of a particular candidate or party/ bloc, voting against a particular candidate or party/bloc, for participating and for not participating in the elections.

APPLIED METHODOLOGY

The monitoring of election campaign finance included the following activities. The monitoring team reviewed and analyzed **the official data on the expenditure and income** of the parties participating on the proportional list (during 2007 parliamentary elections) and presidential candidates (during 2008 presidential elections) taken from the electoral (“pre-election”) funds’ declarations posted on the CEC web-site (see www.elections.am). It also carried out **the independent monitoring of campaign expenditures**. Then, the **comparative analysis** of results of independent monitoring and official declarations of parties/blocs and presidential candidates was conducted. In addition, the monitoring team gathered and summarized **evidences of abuse of administrative resource and vote buying** covered by media and other reports.

It should be also noted that though the campaigns were organized nationwide the monitoring was carried out only in three cities of Armenia – Yerevan, Gyumri and Vanadzor – because of the lack of human resources in the regions. Nevertheless, the monitoring data covered a significant portion of the campaign expenditures. The expenditure monitoring included an evaluation of campaign-related activities (advertising, staged events, rallies, etc.) organized and paid by parties/blocs, candidates, or independent third parties as outputs of the campaign⁵⁷.

It is worth mentioning in this respect that the form of the pre-election declaration does not specify how to present campaign expenditures (see the CEC N37 Decision from August 3, 2005). Neither has it defined what categories of expenditures should be declared. As a result, for example, during both 2007 parliamentary and 2008 presidential elections some parties (the Heritage, the Armenian Revolutionary Federation Dashnaktsutyun and the Country of Law) and presidential candidates (Vahan Hovhannisyan and Artur Baghdasaryan) presented their expenditures in the form of payments to companies provided goods and services for their campaigns. In many cases the declarations did not even specify categories of expenses presenting

⁵⁷ During the campaign events, the monitors also recorded instances of abuse of administrative resource if the events were held during working hours and attended by public officials.

them under the broad line-item (e.g. “campaign expenditures” may include printing booklets and posters, payments for broadcasting, production of TV advertisements, etc.) For this reason, it was impossible to apply a unified approach while comparing the official declarations and monitoring data in detail.

The estimated value of the observed outputs was then used to calculate the campaign expenditure. The value of the campaign outputs was estimated using official information from the declarations of pre-election funds posted on www.elections.am and the price lists and other data obtained from companies delivering campaign-related services. Official data were then compared with information gathered through independent monitoring.

The monitoring team approached goods and service providers (newspapers, printing and publishing houses, and textile factories producing T-shirts and caps with the logos/names of parties/blocs and presidential candidates) with request to provide information on the type, quantity and price of campaign materials/services for parties/blocs and presidential candidates. The representatives of media companies were not contacted for this purpose, as all the needed information about how much time was spent on media campaign was provided by partner NGO – Yerevan Press Club that was involved in media monitoring during elections (see below). Calculation of the media expenses were based on the official rates publicly announced by TV- and radio-companies before the start of the campaign and posted on the CEC website.

The monitoring teams in Yerevan, Gyumri and Vanadzor collected information on the circulation and prices of campaign print materials (posters, booklets, brochures, calendars, etc.), billboards with campaign content, costs of the organization of campaign events, such as rallies, press-conferences and concerts and promotion materials (T-shirts, caps, etc.). In addition, parties/blocs and candidates were also requested to submit information on their campaign activities covered through their pre-election funds. The campaign managers were also asked to submit the schedule of public events to be held in all three cities. However, the requested information was not provided, since the parties (in 2007) and presidential candidates (in 2008) claimed that they did not have a pre-defined schedule and that they usually arrange

it 1-2 days before the event or even on the same day.

Another methodological problem was related to the fact that the majority of both parties and candidates did not declare certain categories of campaign expenses such as those spent for trips to regions, concerts, temporary campaign offices, reimbursement for campaign activists, etc. They claimed that those expenditures were in-kind contributions of their supporters and activists, though there was no documented evidence to support such claims. Therefore, those categories of expenditures were also not addressed in the comparative analysis.

As mentioned above, the results of media monitoring were received from Yerevan Press Club which measured the broadcast time (in seconds) of TV and radio campaign ads and programs and space (in cm²) allocated by newspapers for ads and Articles. Only those campaign materials which were officially recognized as such by Article 11 of the Law on Television and Radio were taken into consideration, namely, the ads and programs aired with “political advertisement” or “campaign program” subtitles, or for radio materials accompanied by appropriate announcements (at least three times during the broadcast). In the case of newspapers, there must be a sign “R” at the end of ads or Articles. TV advertisements shown on H1 Channel (Public TV) were estimated by experts based on average market prices.

Finally, in parallel to the expenditure monitoring, the 2007 and 2008 projects also included monitoring of the abuse of administrative (financial, institutional, coercive, regulatory, legislative and media) resources as well as vote bribing. The main source of such monitoring was media coverage of the campaign period as well as other reports and personal observations of the TIAC monitors.

MONITORING FINDINGS

The results of the monitoring are presented in the publication appendices. **Appendix 1** presents the parties/blocs pre-election fund declarations (in a compressed form) during the 2007 parliamentary elections and the monitoring data. Similarly, **Appendix 2** includes the pre-election fund declarations of presidential candidates and results of monitoring of the 2008 elections. For both elections, the data on pre-election funds declarations were taken from CEC web-site (www.elections.am). The comparative analysis of official figures and monitoring data, as well as the description of most frequent types of abuse of administrative resource are presented below.

2007 parliamentary elections

Analysis of the declarations on the pre-election funds of the parties/blocs and their comparison with the monitoring results revealed the following:

1. The declared expenditures presented by 10 out of 21 political parties and one bloc that opened the pre-election funds⁵⁸ were substantially (more than by 10%) lower than what was revealed by the monitoring team. Those were the Christian Popular Renaissance Party, the Democratic Party of Armenia, the Democratic Path Party, the National Accord Party, the People's Party of Armenia, the Prosperous Armenia Party, the Republican Party of Armenia, the Social Democratic Hnchak Party, the United Liberal National Party and the Youth Party of Armenia⁵⁹. According to the monitoring data, the two parties – the Prosperous Armenia Party (129.7 million AMD) and the Republican Party of Armenia (79.2 million AMD) exceeded even the allowed limit of the pre-election fund of 60 million AMD defined by Article 112 of the Electoral Code.

58 One party - the Marxist Party of Armenia - did not open a pre-election fund.

59 The monitoring data exceeded the figures presented in the pre-election fund declarations also in the case of the Country of Law Party, the Impeachment bloc, the Republic Party and the United Labor Party, but by less than 10%.

It was impossible to carry out a more comprehensive comparative analysis of the obtained monitoring data and the declared expenditures of the pre-election funds for a number of reasons. The first reason was that most of parties did not specify categories of expenditures. These are examples of such vague formulation: the National Accord Party declared “campaign expenses”, the National Unity Party – “rendering services”, the United Labor Party – “advertising services”, the Democratic Path Party - “payment to printing house”, the Impeachment Bloc – “purchase of property”, etc. Another common problem was that in many cases several items were presented jointly (e.g. costs of the paid air time and TV advertisements, while the monitors made separate calculations on those items). Only 5 out of 21 participating parties (the Communist Party of Armenia, the Impeachment bloc, the National Unity Party, the Republican Party of Armenia and the Youth Party of Armenia) separated the mentioned items in their pre-election declarations.

Discrepancies between the declared expenses and the monitoring numbers under the same items can be explained by the following. In case the monitoring data exceeded the declared figures the reasons could be the third party financing, in-kind contributions, expenses incurred before the opening of pre-election funds as well as large discounts by service providers to certain parties. One should also not exclude the widespread practice of underreporting the real income obtained by service providers to evade paying taxes. Possible explanations for the cases when the pre-election fund numbers exceeded the monitored data include the limited coverage of only three cities of Armenia, the higher prices of the services and products than those estimated and the diverged content of the declared and monitored items with identical titles.

2. In many cases, the officially submitted declarations did not include full addresses of those physical and legal persons, who made the payments to the pre-election funds. This was a violation of the provision of Par. 11 of Article 25 of the Electoral Code and the requirements of the CEC Decision N37-N from August 3, 2005. Such violations can be found in the declarations of the United Liberal National Party (only in the case of physical persons), the Alliance Party, the Country of Law Party, the Impeachment bloc, the National Democratic Party, the Prosperous Armenia Party and the Republican Party of Armenia.

In the pre-election funds declarations of the Alliance Party, the Armenian Revolutionary Federation Party, the Democratic Path Party, the Heritage Party, the National Democratic Party, the National Unity Party, the New Times Party and the United Labor Party (posted on the CEC web-site) instead of the full names and addresses of physical persons, who made donations, there is mention about the list(s) of the donors attached to the declarations. However, the attached lists were not posted on the CEC web-site, and thus it was impossible to check that information.

3. Out of 78 legal persons, 67 made donations to the biggest party of the ruling coalition - the Republican Party, 7 to other pro-governmental parties, and only 4 - to various opposition parties. This is a clear, though indirect indication of the high level of convergence of business and political elites in Armenia. At the same time, out of 397,721,764 AMD of the sum of pre-election funds of all parties, 361,306,814 AMD (or 90.8% of the total sum) were donated by physical persons. Presumably, big businesses and oligarchs made donations through physical persons (typically, their employees) to hide their identity. In the case of opposition parties, businesses do that to avoid further tax inspections. Thus, it is hard to trace the so-called *quid pro quo* donations, which are seen as a form of political corruption occurring during election campaigns.
4. Review of media publications and monitoring reports of other NGOs, along with personal observations, revealed a lot of instances of the abuse of administrative resources. Typical examples of violations related to administrative resource were: the use of state and community property, premises, transportation means, as well as material and human resources; involvement of public servants in campaign events during their working hours; coverage of activities of opposition parties and candidates on almost all TV stations with a negative context; hidden advertisement in favor of pro-governmental candidates and parties and against opposition parties and candidates, etc.

A particular example of explicit misuse of administrative resources is a series of

business trips by Mr. Serzh Sargsyan, the incumbent Prime-Minister, heading the proportional list of the Republican Party of Armenia, during the whole campaign period. The same was true concerning ministers and deputy ministers campaigning in favor of the Republican Party of Armenia and the Armenian Revolutionary Federation Dashnaktutyun and doctors rendering health services as a part of the campaign teams of those parties⁶⁰.

These facts constituted clear violations of Article 22.1 and Paragraph 4 of Article 18 of the Electoral Code, which prohibits campaigning during working hours by the candidates holding political and discretionary positions, as well as by public servants. In the meantime, while responding to the question of the journalist on whether it was a violation of the electoral legislation, Mr. Azaryan, the CEC Chairman, claimed that it was not a law breaking case as the Prime Minister as a public official can campaign even during working hours, provided that it is not being done during the execution of his/her official duties⁶¹.

Media coverage was another case of abuse detected by the Yerevan Press Club, which pointed to the misbalance occurred in the coverage of business trips, official visits and meetings of the candidates holding political and discretionary positions in the Public TV (H1) news⁶². It has been noted that *“in a number of materials on the campaign events of opposition parties there were elements of irony, which were not reflected in the quantitative indicators of monitoring, but, nevertheless, they impacted on the perception of the information by the audience.”*⁶³. This was also an evident violation of the provisions of Article 22.1 of the Electoral Code.

6. Media, local observers and representatives of opposition parties reported about cases of indirect use of administrative resource by those, who not being public officials or employees were closely connected to the latter. Those were the cases in which oligarchs with their bodyguards and neighborhood

60 See www.transparency.am/monitor_archive.php?month=4+2007&offset=20

61 See *Haykakan Zhamanak* daily from April 19, 2007

62 See the YPC Report *“Monitoring the Armenian Media Coverage of Parliamentary Elections 2007”*, p.35 (www.ypc.am/Old/Downlowds/Reports/report-2007-eng.pdf)

63 *Ibid.*, p. 33.

criminals were involved to benefit the ruling political forces⁶⁴. It has also been reported about widespread practice of bribing voters and members of electoral commissions, with references to the Republican and Prosperous Armenia parties, as well as some oligarchs affiliated with those parties⁶⁵. There were cases as well of impeded campaigning, early campaigning, etc. reported by local NGOs⁶⁶.

2008 presidential elections

Campaign-related violations and irregularities that took place during the 2008 presidential elections were identical to those occurred at the 2007 parliamentary elections:

1. The monitoring data substantially (by more than 10%) exceeded the numbers presented in the pre-election fund declarations for 4 out of 8 presidential candidates who opened pre-election funds⁶⁷. Those were Serzh Sargsyan, Artashes Geghamyan, Vahan Hovhannisyan and Levon Ter-Petrosyan⁶⁸. Two of candidates, namely, Serzh Sargsyan (93 million AMD) and Vahan Hovhannisyan (85.4 million AMD), went beyond the allowed limit of the pre-election fund of 70 million AMD defined by Article 79 of the Electoral Code.

Again, it became impossible to carry out a comprehensive comparative analysis of the monitoring data and the figures presented in the pre-election fund declarations. It happened for the same reasons as in 2007: vague formulation of the titles of expenditure items (e.g. “printing services” announced by Aram Harutyunyan and “payment for services” declared by Artashes Geghamyan), the joined declaration of certain items (e.g. Artur Baghdasaryan, Serzh Sargsyan and Vahan Hovhannisyan

64 See www.transparency.am/monitor_archive.php?month=5+2007

65 *Ibid.*

66 See www.iyc.am/docs/Report_eng.doc, www.hcav.am/Downloads/HCA_Vanadzor_Election_Report_Parliament_2007.pdf and www.ypc.am/Old/Downlowds/Reports/report-2007-eng.pdf

67 Arman Melikyan did not open the pre-election fund, however, the monitoring team revealed that he also had some expenses for his campaign (see Appendix 2).

68 The monitoring data exceeded the figures presented in the pre-election fund declaration of Tigran Karapetyan, as well, but by the amount less than 10%.

submitted together costs on the paid air time and TV advertisements), etc. The same explanations could be also provided to understand the discrepancies between the declared numbers on some expenditure items and the monitoring figures as it was the case during parliamentary elections - the third party financing, in-kind contributions, expenses prior the opening of funds, large discounts, the higher prices of services and products, the divergence between the declared and monitored items under identical titles, etc.

2. In the pre-election fund declarations of presidential candidate Aram Harutyunyan there were no addresses of physical persons, who made donations. The same problem occurred with 25 (out of 194) physical persons, who donated to the pre-election fund of Artur Baghdasaryan. These are violations of the requirement of the CEC Decision N37-N from August 3, 2005. The pre-election fund declaration of Vahan Hovhannisyany mentioned about the list of the donors as attached to the submitted declarations, but the attachments were not posted on the CEC web-site and the declared information could not be checked. The addresses of many physical persons, who made donations to Levon Ter-Petrosyan's pre-election fund, were also absent. But, in this case their passport data (number, date of issuance and/or date of birth and/or code of issuing authority) were included in the declarations.

3. Out of 133 legal persons (excluding the parties that nominated candidates), 130 contributed to Serzh Sargsyan, then the Prime Minister and the leader of the Republican Party, 2 - to Levon Ter-Petrosyan and 1 - to Vahan Hovhannisyany. This is another evidence of the existing convergence of business and political elites in Armenia. Again, in the case of oppositional candidates, businessmen most probably tried to hide their political affiliations through making donations via physical persons. Pre- and post-election developments proved that there was a high risk to be punished for supporting oppositional candidates.

The case of Khachatur Sukiasyan, the only representative of big businesses, who openly supported Levon Ter-Petrosyan, demonstrated all negative consequences of supporting the opposition. Already before the elections, the authorities accused Mr.

Sukiasyan for tax evasion⁶⁹, as a result of which some of his businesses were closed (e.g. forced bankruptcy of Bjni Company, producing mineral and drinking water). Currently, Mr. Sukiasyan is fugitive not to face a criminal investigation against him related to violent events on March 1.

4. Media and other reports pointed to the most often detected form of abuse of administrative resources during 2008 presidential elections related to the activities of local self-governance bodies, state and public institutions (e.g. municipalities, ministries, schools, universities, clinics, etc.) and the use of their resources in favor of Serzh Sargsyan. There were numerous instances of the forced participation of school and university students and professors, doctors, members of municipality staff and other state and public entities in the campaign events of the incumbent Prime Minister Sargsyan during their study and working hours; collection of passport data of citizens by municipalities' employees and other violations⁷⁰. These practices are explicitly banned by Article 18 of the Electoral Code.

Another violation was related to Article 18 and Article 22.1, which prohibits using in campaign events employees of state and municipal bodies as well as resources assigned to the particular candidate, having political or discretionary positions or being a state employee. Meanwhile, the incumbent Prime Minister Serzh Sargsyan used his authority to influence voters, abused support of public officials campaigning in his favor without taking leave of absence and accompanying him at his campaign events, etc.

Media bias was another problem that appeared again in 2008. According to the media monitoring results, there was easily observable disbalance in the coverage of the presidential elections in favor of Serzh Sargsyan, who enjoyed advantage over his competitors via very broad and favorable broadcast media coverage, especially

69 See www.armenialiberty.org/armeniareport/report/en/2007/11/C9850D7B-0B1B-4A79-AE00-983ED9ED9254.asp

70 See www.transparency.am/monitor_archive_2008.php?month=1+2008&offset=20

if compared with his main rival Levon Ter-Petrosyan⁷¹. It is worth mentioning in this respect that the NCTR, which is authorized by the law to oversee the observance of the legal requirements by media outlets (primarily, by Public TV and Public Radio), either dismissed all complaints or provided formal responses, without punishing the violators⁷².

5. In 2008, local NGOs and oppositional media again reported about instances of early campaigning, impeded campaigning, etc.⁷³. Widespread vote buying, mostly aimed to ensure votes in favor of candidate Serzh Sargsyan, was also detected by oppositional activists and media in various forms - money, food stamp, payment of utility bills, renovation of buildings and roads, etc.⁷⁴.

Loopholes of the electoral legislation

Monitoring of electoral campaigns also helped disclose a number of legislative and regulatory deficiencies related to the regulation of campaigning, campaign finance and use of administrative resources:

- The documents required for verifying campaign expenses were not posted on CEC web-site. As a result, it is impossible to verify the identity of the goods or service providers and effectively check the legality of making campaign expenses by candidates and parties/blocs.
- The Electoral Code explicitly prohibits campaigning only on two days – the voting day and the day before the voting (see Articles 18 and 23). In the meantime, it does not provide content definition of campaign and thus early campaigning is not regulated at all. The fact that the legislation does not

71 See YPC report *“Monitoring the Coverage of Presidential Elections 2008 by Broadcast Media of Armenia”* (www.ypc.am/downloads/Elections_report-2008-eng.pdf) and The Republic of Armenia Presidential Election February 19 OSCE/ODIHR Election Observation Mission Report Warsaw 30 May 2008, (www.osce.org/documents/html/pdftohtml/31397_en.pdf.html)

72 See YPC report *“Monitoring the Coverage of Presidential Elections 2008 by Broadcast Media of Armenia”*, p. 15 (www.ypc.am/downloads/Elections_report-2008-eng.pdf)

73 See www.ypc.am/downloads/Elections_report-2008-eng.pdf, www.iyc.am/docs/final%20report%20eng.doc and www.hcav.am/Downloads/Report_Presidential_elections.pdf

74 See www.transparency.am/monitor_archive_2008.php?month=1+2008&offset=20

specify “what is campaigning?” gives corrupt opportunities to many parties and candidates to use such loophole for early campaigning without risk of being punished. Moreover, the authorized officials typically refer to the absence of legal provisions while reacting to related complaints.

- Most of the regional TV companies did not announce the rates for one minute of broadcast time, as it was obliged by Paragraphs 4 and 5 of Article 20 of the Electoral Code. Instead, before the start of the campaign they announced that they would not cover campaign activities at all. Meanwhile, during the campaign they invited candidates and representatives of parties, whom they sympathized, to participate in their programs and thus ensure hidden advertising. In addition to this, the requirement to guarantee equal opportunities to all contestants is quite vague in the case of newspapers (see Paragraph 10 of Article 20), in contrast to the case of TV and radio companies, which are obliged to sell the broadcast time at an initially announced fixed rate (see Paragraph 4 of Article 20 of the Code).
- The Electoral Code has serious shortcomings concerning campaign finance. Not a single Article of the Code contains provisions preventing in-kind contributions, the third party financing or discounts given by goods or service providers to candidates and parties/blocs. Neither is it clear how the CEC will investigate instances, when candidates or parties used means other than those from pre-election funds. This is especially critical for the case of parties, as the CEC has no competence to check financial reports of parties submitted to the Ministry of Justice on an annual basis. Moreover, because the annual reports are submitted with a deadline of March 25 of the following year, it would be too late to use this information to make void the election result, if illegal financing of campaign from party accounts took place.
- No clear interpretation of what is “state service” is provided by the Armenian legislation, which creates substantial advantages for the candidates holding political and discretionary positions. Paragraph 1 of Article 78 of the Electoral Code states that those presidential candidates, who are in the state service, should be released from their duties except the incumbent President or the

acting President, who can continue performing their duties, but without using the advantages of their office. Similar provision is also contained in Paragraph 1 of Article 111 for the parliamentary candidates and Paragraph 1 of Article 138.14 for the candidates of the Yerevan Council. While some experts and analysts believe that all public officials, with no exception, should be subject to the mentioned prohibition, the CEC point to the Law on Civil Service and the Law on Municipal Service, according to which political and discretionary positions are not included in the register of state or municipal service positions and thus are free to campaign while performing their duties⁷⁵.

- There is no ban on using any other administrative resources assigned to local self-governance bodies or other state institutions, which are officially not assigned to the candidates.

75 See the CEC Decision N16 from February 9, 2008, on the official explanation on Paragraph 1 of Article 78 of the Electoral Code in *the Republic of Armenia Bulletin on Departmental Normative Acts*, vol. 5(279), February 15, 2008.

CONCLUSION AND RECOMMENDATIONS

The monitoring of campaign finance in the 2007 parliamentary and the 2008 presidential elections in Armenia disclosed widespread irregularities in campaign finance, as well as a large-scale abuse of administrative resources. Though existing deficiencies of the Armenian electoral legislation did contribute to such malpractice, the major factors lie outside legislation.

There is a general consensus among the public, politicians, experts and journalists that the best elections that Armenia had witnessed were those conducted in 1990 (parliamentary) and 1991 (presidential). Interestingly, the electoral legislation of that time had much more loopholes and shortcomings than the current one. In the meantime, during the 2007 and 2008 campaigns the observed irregularities occurred mainly as a result of deliberate and open violation of the provisions of existing electoral legislation rather than the use of its loopholes and ambiguities.

The major factor affecting the conduct of elections is ***the extremely high level of convergence between political and business elites in Armenia***. Thus, the defeat in elections could entail not only the loss of political power, but would also damage the tremendous economic power of political elite due to a high risk of the post-election redistribution of wealth in favor of the winner. Such redistribution is possible because of a weak institute of property rights, a lack of independence of judicial and legislative branches of the government, as well as a cynical practice to use political power as an excellent opportunity for personal enrichment.

Consolidation of authoritarian rule is another critical factor to be considered in this respect. This trend was reported not only by many local experts, but also by international organizations such as the World Bank⁷⁶, Freedom House⁷⁷, etc. The worsened situation with indicators of *Voice and Accountability, Rule of Law, Civil Liberties and Political Rights, Control over Media* is a clear evidence of that

76 See www.info.worldbank.org/governance/wgi/sc_chart.asp

77 See *Freedom in the World* 2002-08 editions (www.freedomhouse.org/template.cfm?page=15) and *Nations in Transit* 2003-08 editions (www.freedomhouse.org/template.cfm?page=17&year=2008)

consolidation. The mentioned consolidation of the authoritarian rule, together with convergence between political and business elites, led to the elimination of any real political competition in Armenia.

The high degree of convergence of political and business elites as well as low living standards of the main part of the population make ***impossible for opposition forces to receive substantial financial support during electoral campaign***. In rare cases, for example, the one during the 2008 presidential elections when the businesses tried to support opposition candidates, the authorities swiftly launched harsh reprisals against them including arrests and criminal accusations. Under such circumstances, opposition parties and candidates could not seriously compete against the ruling political forces. Nowadays, those who nevertheless continue to support the opposition is a target of constant harassment and threats, lose their jobs and businesses.

Another critical factor is ***the high level of shadow economy and corruption*** in the country, which can be seen both as a cause and effect of the converged elite and consolidated authoritarian power. Apparently, they affect the electoral system, as well as all other institutions. Corrupt practices such as vote buying, bribing members of electoral commissions, abuse of political office, selling seats in the Parliament, false declarations on real assets and income are today a norm in the Armenian electoral processes.

The continuous existence of the noted economic and political factors almost completely eliminated most of the positive effects from the improvement of the existing electoral legislation through making major changes in and amendments to the Electoral Code in 2002, 2005, 2006 and 2007. The current electoral legislation formally provides certain safeguards against such manifestations of political corruption in campaign finance, for instance, quid pro quo donations, vote buying and misuse of administrative resource. However, the electoral practices show that most of those safeguards do not work effectively or, in some cases, do not work at all.

This is not to say that the current legislation does not require further improvement.

The question is how to ensure actual enforcement of the law. Unless the public and political parties without discrimination are allowed to become more actively involved in electoral processes, and the authorities take the whole responsibility for violations of electoral legislation and procedures, political corruption will flourish in the election system, in general, and in campaign finance, in particular.

Therefore, one of the key priorities in making regulation of campaign finance more effective is to increase of transparency, accountability and participation in its oversight and control. **The first recommendation** in this regard is **to radically change composition, powers and operations of the CEC Oversight and Review Service (ORS):**

- At least half of its staff should be representatives of civil society organizations and opposition parties.
- It must have a much bigger and more professional staff with branches in all marzes of Armenia.
- It should also cooperate with NGOs and political parties not included in its composition and work in a transparent and accountable manner. For example, at least once a week during election campaign the ORS should report to the public about the financial flows connected with electoral funds, and all the minutes of its sessions should be posted on www.elections.am with reference to a voting pattern.
- It must be separated from the CEC and become an independent and financially sustainable body, with investigative power to trace possible instances of *quid pro quo* donations, false in-kind contributions, third party financing and other violations of campaign regulation.

The second recommendation is **to introduce a greater specification of expenditure items in the pre-election funds declarations:**

- In case of donations from physical persons, the company (institution) where they work and its address should be mentioned.
- Expenditure items should be in a mandatory manner presented in a greater detail to introduce specified categories (e.g. all types of printed materials, expenses on campaign trips, production of campaign advertisements and payments for broadcast, etc.) as well as the identity of the service providers

or producers of campaign materials.

- It should be clarified what kind of documents are to be attached to the pre-election fund declarations for the verification of campaign expense items and posted on the CEC website (or made available for the public in other way).

The third recommendation is to provide a clear definition of what is “campaigning” in the Electoral Code based on the content of activity rather than on the time of registration of candidates and parties/blocs in order to prevent from early campaigning.

The fourth recommendation is to add to the Electoral Code obligatory announcement of the fixed rate per cm² of newspaper space before the official start of campaign.

The fifth recommendation is to guarantee regulation of practices of in-kind contributions, third party financing or discounts given by goods or service providers to candidates and parties/blocs:

- Article 25 of the Electoral Code should be amended to require disclosure of third party financing, as well as declaration of all possible in-kind contributions.
- For the years of national elections, parties should be required to submit to the Ministry of Justice semi-annual financial reports covering the quarter when the campaign and the voting day occur and the quarter prior to that quarter.
- Article 28 of the Law on Parties should specify (similar to the case of pre-election funds declarations) all significant income and expenditure items of parties.

The sixth recommendation is to change the Criminal Code and the Code on Administrative Offences so that they explicitly cover all 7 types of violations related to campaigning and campaign finance mentioned in the Article 139 of the Electoral Code.

The seventh recommendation is to amend the Electoral Code so that it explicitly require all public officials to temporary suspend their duties during pre-election period if they are registered as candidates.

The eighth recommendation is to add to the Electoral Code an explicit prohibition for candidate public officials to use not only premises, transportation, communication means, material and human resources attached to them, but also any other administrative resources assigned to local self-governance bodies or state institutions not directly supervised by those candidates.

Appendix 1. 2007 Parliamentary Elections: Comparative Data on the Expenditures of Parties/Blocs

Alliance Party

Pre-election Fund Declaration (in AMD)		Monitoring data (in AMD)		
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Posters and Booklets	117,750	Production of Posters and Booklets	1,118,340
2	Stationery	90,000		
3	Campaign Advertisement	41,840,000		
4			Paid Air Time	9,917,000
5			TV Advertisements ⁷⁸	2,502,000
6			Printing of Campaign Program	200,000
	Total	42,047,750	Total	13,737,340

Armenian Revolutionary Federation Dashnaksutyun

Pre-election Fund Declaration (in AMD)		Monitoring data (in AMD)		
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1			Publication of Newspaper	5,250,000
2			Printing of Calendars	150,000
3			Campaign Events	8,902,800
4			(Equipment, Hall, etc.)	8,902,800
5			Paid Air Time	19,089,500
6			TV Advertisements	3,672,000
7			Production of Opener	350,000
8			Production of Pens	80,000
9			Production of Lighters	80,000
10			Production of T-shirts	5,400,000
11			Production of Balloons	150,000
12			Production of Postcards	250,000
13			Production of Stickers	50,000
14			Printing of Leaflets	462,000
15			Production of Toys	600,000
16			Printing of Booklets	2,305,000
17			Printing of Brochures	2,035,000
18			Production of Posters	5,296,840

78 The Project Team estimated expenses of only those TV advertisements which were broadcast on H1 Channel (Public TV).

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
19			Making and Placing Billboards	1,694,280
	Total	58,463,300	Total	55,882,420

Christian Popular Renaissance Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Visit Cards	50,000		
2			TV Advertisements	306,000
	Total	50,000	Total	306,000

Communist Party of Armenia

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Campaign Program	800,000	Printing of Campaign Program	162,000
2	Paid TV Air Time	160,000	Paid TV Air Time	156,000
3	Paid Radio Air Time	60,000	Paid Radio Air Time	30,333
4			TV Advertisements	324,000
	Total	1,020,000	Total	672,333

Country of Law Party

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1			Campaign Events (Equipment, Hall, etc.)	2,960,000
2			Production of T-shirts	5,400,000
3			Printing of Brochures	4,850,000
4			Paid Air Time	12,019,834
5			TV Advertisements	576,000
6			Printing of Calendars	460,000
7			Publication of 2 Issues of Newspaper	250,000
8			Printing of Leaflets	300,000
9			Production of "Law and Justice" CD	1,200,000
10			Perfumery	100,000
11			Flowers	100,000
12			Making of Banners	100,000
13			Production of Balloons	150,000

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
14			Production of Wooden Key Chain	300,000
15			Production of Posters	3,750,200
16			Making and Placing of Billboards	633,610
	Total	32,084,100	Total	33,149,644

Democratic Party of Armenia

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Booklets	160,000		
2	Design of TV Ads and Booklets	100,000		
3	Transportation Services	35,000		
4	Stickers	3,600		
5			TV Advertisements	720,000
	Total	298,600	Total	720,000

Democratic Path Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Posters	500,000	Production of Posters	3,816,080
2	Campaign Trips	1,500,000		
3	Payment to Printing House	732,029		
4	Campaign Advertisement on Public TV	4,267,971		
5			Paid Air Time	4,258,667
6			TV Advertisements	1,152,000
7			Printing of Booklets	900,000
8			Printing of Campaign Programs	450,000
9			Printing of Calendars	50,000
10			Printing of Paper Bands	250,000
	Total	7,000,000	Total	10,876,747

Heritage Party

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1			Campaign Events (Equipment, Hall, etc.)	1,520,000
2			Production of T-shirts	5,400,000
3			TV Advertisements	1,908,000
4			Paid Air Time	13,389,667
5			Production of Posters	386,400
6			Printing of Booklets	500,000
7			Printing of Leaflets	250,000
8			Publication of 3 Issues of Campaign Bulletin	50,000
9			Printing of Calendars	100,000
	Total	53,354,180	Total	23,495,933

Impeachment bloc

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Production of Advertisement	110,000		
2	Purchase of Property	485,000		
3	Purchase of Gasoline	29,950		
4	Paid Air Time	3,432,000	Paid Air Time	3,797,200
5			TV Advertisements	270,000
6			Printing of Calendars	250,000
7			Printing of Leaflets	66,000
	Total	4,056,950	Total	4,381,200

National Accord Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Campaign Expenses	84,000		
2	Bulletin	50,000		
3	Filming of Video Materials	88,000	TV Advertisements	666,000
4	Assembling Video Materials	88,000		
5	Paid Air Time	120,000	Paid Air Time	130,000
	Total	430,000	Total	796,000

National Democratic Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
<i>N</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>
1	Printing of Booklets	800,000	Printing of Booklets	800,000
2	Making Video Materials	250,000	TV Advertisements	1,584,000
3	Placing Political Ads	50,000		
4	Campaign Advertisement	13,161,147		
5	Office Rent	20,000		
6	Organizational Expenses	18,000		
7			Paid Air Time	7,281,833
8			Printing of Campaign Programs	135,000
9			Printing of Leaflets	35,000
	Total	14,299,147	Total	9,835,833

National Unity Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
<i>N</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>
1	Printing Works	250,000		
2	Printing of Campaign Program and Booklets	926,000	Printing of Campaign Program and Booklets	1,100,000
3	Rendering of Services	7,890,000		
4	Payment for Electricity	112,000		
5	Payment for Telephone Services	240,000		
6	Purchase of Stationary	121,000		
7	Hall Rent	190,000		
8	Political Advertising	10,740,000		
9	Live Broadcast of Announcements	320,000		
10	Expenses on Announcements	520,000		
11	Production of Advertisement	248,000		
12	Expenses on Broadcast of Film	300,000		
13	Expenses for Permit	14,000		
14			Printing of Calendars	200,000
15			Production of Posters	372,800
16			Paid Air Time	14,605,834
17			TV Advertisements	1,134,000
	Total	21,871,000	Total	17,411,834

New Times Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Purchase of Gasoline	71,709		
2	Campaign Advertisement	11,089,000		
3			Paid Air Time	9,899,813
4			TV Advertisements	324,000
5			Printing of Booklets	175,000
6			Printing of Campaign Flyer	700,000
	Total	11,160,709	Total	11,098,813

People's Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Electoral Deposit	2,500,000		
2	Booklets	180,000	Printing of Booklets	2,000,000
3	Production of Posters	86,400	Production of Posters	1,728,000
4	Campaign Advertisement	19,710,934	Paid Air Time	10,700,000
5	Calendars	99,960	TV Advertisements	1,080,000
	Total	22,577,294	Total	15,482,833

People's Party of Armenia

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Booklets	1,270,000	Printing of Booklets	1,850,000
2	Purchase of Gasoline	268,500		
3	Campaign Advertisement	1,211,500		
4			Printing of Campaign Program	405,000
5			Production of Posters	798,060
6			Paid Air Time	582,667
7			TV Advertisements	1,026,000
	Total	2,750,000	Total	4,661,727

Prosperous Armenia Party

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Purchase of Booklets	660,000	Printing of Booklets	1,105,000
2	Campaign Posters	60,000		
3	Purchase of Billboards	80,000	Making and Placing of Billboards	5,988,313
4	Campaign Advertisement	35,367,800		
5	Advertisement Fee	45,000		
6	Election Campaigning	9,882,000		
7	Return of exceeding payments to donors	550,000		
8	Permission Fee for Advertisement Placing	20,000		
9			Printing of Posters	10,905,220
10			Paid Air Time	16,296,700
11			TV Advertisements	7,308,000
12			Campaign Events (Equipment, Hall, etc.)	81,156,000
13			Production of T-shirts	5,400,000
14			Production of Balloons	150,000
15			Perfumery	500,000
16			Flowers	500,000
17			Production of Pens	30,000
18			Printing of Calendars	20,000
19			Making of Banners	50,000
20			Printing of Leaflets	10,000
21			Printing of Brochures	270,000
	Total	46,664,800	Total	129,689,233

Republic Party

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Booklets, Programs, Calendars and Posters	1,050,000		
2	Campaign Advertisement	1,724,000		
3	Purchase of Gasoline	270,000		
4			Printing of Brochures and Booklets	820,000
5			TV Advertisements	630,000
6			Paid Air Time	1,774,813
	Total	3,044,000	Total	3,224,813

Republican Party of Armenia

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Posters	9,990,000	Production of Posters	18,284,850
2	Making of Banners	1,500,000	Making of Banners	100,000
3	Making and Placing Billboards	995,000	Making and Placing Billboards	9,264,790
4	Paid Air Time	34,174,000	Paid Air Time	8,242,500
5	Printing of Booklets, Calendars and Campaign Programs	4,400,580	Printing of Booklets, Calendars and Campaign Programs	5,650,000
6	Publication of Newspaper	1,500,000	Publication of Newspaper	6,000,000
7	Placing of Posters	900,000		
8	Printing of Visit Cards	250,200		
9	Return of Exceeded Payments	200,000		
10	Other (stationary, DVDs, gasoline, technical expenses)	5,000,000		
11			Printing of Brochures	4,200,000
12			TV Advertisements	3,060,000
13			Making of Ribbons	30,000
14			Campaign Events (Rent of Equipment, Hall, Purchase of Tickets, etc.)	13,084,000
15			Making of Breastplates	300,000
16			Making of Key Chain	300,000
17			Production of Lighters	30,000
18			Production of Pens	30,000
19			Production of Balloons	150,000
20			Renting or Buying Transportation Means	800,000
21			Production of T-shirts	5,400,000
22			Production of Waistcoats	3,900,000
23			Printing of Leaflets	150,000
24			Production of "For You, Armenia" CD	175,000
25			Printing of Reminders	10,000
	Total	58,909,780	Total	79,161,140

Social Democratic Hnchak Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Booklets	336,000	Printing of Booklets	900,000
2	Production of Posters	135,000		
3			Paid Air Time	322,667
4			TV Advertisements	270,000
	Total	471,000	Total	1,492,667

United Labor Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Booklets and Placards	1,920,000		
2	Placing of Ads	181,500		
3	Campaign Posters	4,665,000	Production of Posters	4,809,840
4	Making of Calendars	252,000		
5	Broadcast of Video Materials	3,200,000		
6	Printing of Materials	502,280		
7	Advertising Services	775,584		
8			Paid Air Time	3,405,433
9			Making of Banners	1,650
10			Printing of Booklets	1,380,080
11			Making and Placing of Billboards	798,480
12			TV Advertisements	2,142,000
	Total	11,496,364	Total	12,537,403

United Liberal National Party

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Acquisition and Placing of Posters	396,000		
2	Printing of Booklets	656,400	Printing of Booklets	190,000
3	Production of Posters	82,500	Production of Posters	176,640
4	Preparing Campaign Advertisement	1,615,100	TV Advertisements	6,138,000
5			Making and Placing Billboards	817,320
	Total	2,750,000	Total	7,321,960

Youth Party of Armenia

Pre-election Fund Declaration (in AMD)			Monitoring data (in AMD)	
<i>N</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>
1	Paid Air Time	2,000,000	Paid Air Time	2,022,667
2			TV Advertisements	720,000
	Total	2,000,000	Total	2,742,667

Appendix 2. 2008 Presidential Elections: Comparative Data on the Expenditures of Candidates

Aram Harutyunyan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
<i>N</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>
1	Printing Expenses	345,000		
2	Purchase of Gasoline	295,000		
3	Office Maintenance Expenses	200,000		
4	Paid Air Time	160,000	Paid Air Time	157,333
5			TV Advertisements	300,000
	Total	1,000,000	Total	457,333

Arman Melikyan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
<i>N</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>
1			Printing of Brochure	550,000
2			TV Advertisements	150,000
	Total	0	Total	700,000

Artashes Geghamyan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
<i>N</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>
1	Printing of Program and Calendar	1,730,000	Printing of Campaign Program and Calendars	1,885,000
2	Rendering of Advertising Services	600,000		
3	Two Presentations of Campaign Materials	1,152,000		
4	Paid Air Time	10,800,000	Paid Air Time	11,370,833
5	Printing Expenses	100,000		
6	Payment for Services	210,000		
7			Printing of Collection of Speeches and Articles of Mr. Geghamyan	1,000,000
8			TV Advertisements	850,000
9			Renting of Hall for Campaign Events	1,186,000
	Total	14,592,000	Total	16,291,833

Artur Baghdasaryan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1			Printing of Calendars	960,000
2			Production of Posters	808,750
3			Printing of Booklets	3,600,000
4			Production of Postcards	650,000
5			Publication of Books	1,500,000
6			Printing of Brochures	600,000
7			Production of Bookmarks	700,000
8			Paid Air Time	32,920,000
9			TV Advertisements	1,200,000
10			Making and Installing Billboards	2,906,000
11			Production of Jackets	240,000
12			Renting of Minibus	280,000
13			Renting Equipment for Campaign Events	200,000
	Total	46,464,460	Total	45,998,617

Levon Ter-Petrosyan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Campaign Materials	1,520,000		
2	Printing of Photos	185,000		
3	Purchasing of DVDs	900,000	Purchasing of DVDs	1,000,000
4	Paid TV Air Time	30,537,740	Paid TV Air Time	28,477,700
5	Printing of Campaign Program (in Russian)	120,000		
6	Printing of Posters	252,000	Printing of Posters	540,000
7	Paid Air Radio Time	1,200,000	Paid Air Radio Time	1,158,667
8			Paid Air Radio Time	1,158,667
9			TV Advertisements	1,400,000
10			Printing of Reminder	10,000
12			Production of Bookmarks	10,000
13			Printing of Brochures	2,880,000
14			Production of Postcards	110,000
15			Renting of Equipment for Campaign Events	490,000

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
16			Production of Cloth-caps	500,000
17			Production of Posters from Textile Material	1,839,500
18			Making of Banners	10,000
			Production of Balloons	100,000
	Total	34,714,740	Total	38,525,867

Serzh Sargsyan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Calendars	70,000	Printing of Calendars	480,000
2	Banners of Different Sizes	3,291,180	Making of Banners	350,000
3	Placement and Maintenance of Billboards	1,711,980	Making and Placing Billboards	12,789,820
4	Campaign Advertisement	33,024,000		
5	Advertisement	3,413,038.8		
6	Advertisements in Newspapers	833,720	Advertisements in Newspapers	130,000
7	Installation and Maintenance of Different Types of Posters	3,479,600		
8	Printing of Posters	13,391,272	Production of Posters	6,833,500
9	Compensation to the United National Liberal Party for Campaign Materials	140,000	Jackets and Knapsacks Used by United National Liberal Party Activists in Campaigning for Mr. Sargsyan	1,600,000 (1,500,000 + 100,000, respectively)
10	Payment for Announcements	1,636,900		
11	Printing of Reminder Notices	117,720		
12	Breastplates	1,600,000		
13	Pens, Stickers	1,092,704		
14	Lighters, Scarves	885,600	Production of Lighters and Scarves	10,150,000 (150,000 + 10,000,000, respectively)
15	DVDs	300,000		

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
16	Other	4,973,724		
17			Printing of Booklets	7,450,000
18			Printing of Brochures	1,260,000
19			Issuing Newspaper for Free Distribution ("Yerekoyan Yerevan")	10,800,000
20			Production of Balloons	600,000
21			Production of Transparencies	25,000
22			Production of Pens	300,000
23			Paid Air Time	32,655,200
24			TV Advertisements	5,600,000
25			Renting of Bus	90,000
26			Renting of Equipment for Campaign Events	1,900,000
	Total	69,961,437	Total	93,013,520

Tigran Karapetyan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Booklets	100,000	Printing of Booklets	14,400
2	Paid Air Time	14,920,000	Paid Air Time	14,768,200
3			Production of Posters	35,000
4			TV Advertisements	500,000
	Total	15,020,000	Total	15,317,600

79 This includes those expenditures for which the type of expenses were not mentioned in the declaration (only the service or product provider were mentioned), as well as exceeded payments returned to the donors or payments transferred to the state budget.

Vahan Hovhannisyan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1			Printing of Card- and Postcard-“Contracts”	22,000,000
2			Printing of Booklets	490,000
3			TV Advertisements	1,300,000
4			Paid Air Time	55,573,933
5			Publication of Periodical for Students	990
6			Production of Posters	1,261,250
7			Printing of Brochures	454,700
			Renting of Minibus	280,000
			Renting of Equipment for Campaign Events	240,000
			Production of Knapsack with “Your Old Friend” Postcard	100,000
			Production of Epistle	200,000
			Making and Placing of Billboards	1,105,920
			Production of Postcards	1,405,000
			Production of “Our Friend” Song	600,000
			Making of Banners	17,500
			Production of Balloons	50,000
			Production of Jackets	250,000
			Production of Scarves	100,000
	Total	60,669,940	Total	85,429,293

Vazgen Manukyan

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
N	Category of Expense	Amount of Expense	Category of Expense	Amount of Expense
1	Printing of Brochures	1,540,000	Printing of Brochures	2,700,000
2	Rent of Space, Halls	1,134,000	Renting of Hall for Campaign Events	720,000
3	Printing of Posters	233,200	Production of Posters	127,350
4	Paid Air Time	1,475,730	Paid Air Time	1,427,000
5	Printing of Booklets	2,018,000	Printing of Booklets	200,000
6	Printing of Placards	426,000		
7	Printing of Calendars	450,000	Printing of Calendars	65,000
8	Purchasing of Banners	60,000		
9	Expenses for Transportation Services	512,570		

Pre-election Fund Declarations (in AMD)			Monitoring data (in AMD)	
<i>N</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>	<i>Category of Expense</i>	<i>Amount of Expense</i>
10	Purchasing of Balloons	31,500		
11			TV Advertisements	500,000
12			Renting of Equipment for Campaign Events	40,000
13			Placing Advertisement in the Newspaper	56,600
14			Purchasing of DVDs	50,000
	Total	7,881,000	Total	5,885,950