

By Naira Bulghadaryan

“I am not guilty. My employees were careless and unreliable,” said a head of an Armenian social service department about the illegitimate actions going on under his supervision. In fact, it was under his very nose that a US\$400 poverty allowance had been issued to a family that did not meet the government’s standards to receive it. The three employees who undertook the forgery received only a warning, as did the social inspector, who had previously forged similar papers for other citizens.

Karine, a 50-year-old resident of Vanadzor, Armenia’s third-largest city, agreed to give three months of her poverty allowance to the employees of social services, so that her family could at least get something. Last year she gave 23,113 dram (US\$60). This year the inspectors demanded 38,522 dram (US\$100), a very big sum for someone who has no other income. I asked her why she paid the bribe if she was entitled to the full allowance. “What can I do?” she said, “they would find every reason to deprive me of it.”

The lack of knowledge is the primary cause of these common occurrences. “If you are not aware of the laws and of your rights, they will easily take advantage of you,” Karine says, indicating an implicit tolerance of the inspectors’ methods. “They will tell you that you do not have the status of beneficiary, and that if you complain to their superiors they will deprive you of what you have.”

The beneficiaries of allowances complain that every four months they must leave the payments — anywhere from 6,500 dram to 28,000 dram (US\$17 to US\$73) a year — in the post office, (the same place where they receive payments. They have to sign a “don’t pay” note under their name and come home without their usual allowance. If they protest, they are caught in a bureaucratic cobweb of trouble. They might, for example, be sent endlessly from one office to another, or their condominium might refuse to give them a certificate of residence. Citizens thus agree to leave some money behind.

“My poor and sick neighbor has to leave some of his allowance in the post office all the time, and he complains about this illegal process,” says 25-year-old economist Arthur Karapetyan. In order to defend his neighbor’s rights, Karapetyan addressed an appeal to the Ministry of Labor and Social Affairs in August 2005. Thirteen people joined the protest, among them beneficiaries, pensioners and disabled citizens. Each of them left 770 dram (US\$2) from their monthly pensions. Karapetyan informed the officials who were following the traces of complaints that the money “exacted” from the allowances amounted to 19 million dram (US\$50,000) a month. The officials of the ministry could not refute these data, which came from reliable sources within the social system. As a result, 17

employees of the Social Insurance Fund were reprimanded, and seven were dismissed.

Corruption is widespread not only in the social welfare system, but also in health care. State policy supports socially dependent and sick people such as 55-year-old Sirush. She had 14 operations and half of her intestines removed, but when she requested a degree of disability, she was told to wait. "Maybe my intestines will grow again?" she asked the nurse in surprise.

Armine wanted to request a degree of disability for her 6-year-old son, who was blind of one eye. With his medical certificate in hand, she tried to approach the commission of experts, but she was not granted her request. "They told me that my child's state was not that bad after all," Armine said, "and they concluded that my son could only receive a degree of disability if he stopped seeing with his second eye as well."

The bribe for a degree of disability varies, depending on the level of the illness, the place of residence and the appetite of the commission. According to Arthur Petrosyan, the appetite of Artashes Ananyan, head of the second medical-social commission of the capital city Yerevan, was limited to 154,089 dram (US\$400). He allegedly asked for that amount to restore Mr. Petrosyan to the third level of disability. Ananyan's partner, Karine Asrya, head of the Radiotherapy Center of the Ministry of Health, was allegedly satisfied with 77,044 dram (US\$200) to give Mr. Petrosyan the necessary documents. In June 2006, Petrosyan pressed charges against the two doctors. Their case is now in court.

Delivery of medical aid for pregnant women is supposed to be free of charge in Armenia. "We are just used to showing our gratitude to doctors for their kindness, following the voluntary-obligatory principle," says Lilit, who had a baby last year. "Otherwise the mother and her newborn baby will be subjected to indifference, and then they will have to spend even more money to be restored to health." The expression "Congratulations!" has its cost. Depending on what town you live in, it costs from 11,556 dram to 19,261 dram (US\$30 to US\$50) to deliver a baby. Vanadzor resident Levon gave 19,261 dram (US\$50) to the serving staff, 38,552 dram (US\$100) to the doctor and paid 1,155 dram to 1,926 dram (US\$3 to US\$5) a day for the care of the mother and her child. In short, having a baby costs an Armenian 77,044 dram to 192,661 dram (US\$200 to US\$500).

Expenses grow along with the child. Armine's two daughters attend one of the central schools of Vanadzor. From their small family budget of 19,261 dram (US\$50), the family has to spend 3,852 dram to 7,704 dram (US\$10 to US\$20)

each month on presents for teachers and on maintenance costs in the classrooms. They must even pay the cleaning lady so she cleans the floor for their children.

“Every year the state allocates to schools 8.5 million dram (US\$22,000) for maintenance and repairs costs” says Mayis Khachatryan, Lori region representative of the Ministry of Education and Science. But the schools also take money from students. I asked her if the schools had the right to use the money in any way they wanted. “A liar is a liar everywhere, I don’t know,” says Khachatryan.

After school, the struggle with the Higher Education Institution begins. The bribe for entrance examinations here starts at 577,834 dram (US\$1,500) and grows depending on the quality of the institution you will attend and on the demand for the profession desired. Last year Sh. M., lecturer of Vanadzor State Teachers’ Training Institute, was charged with taking bribes and was imprisoned, only to be set free a few days later.

Economist Eduard Aghajanov estimates that 385 billion dram (US\$1 billion) of “black money” circulates yearly in Armenia.

According to a survey by Transparency International Armenia, the major reasons for corruption in Armenian society are the unfavorable social-economic conditions, anarchy and impunity of authorities. Amalya Kostanyan, head of the nongovernmental organization’s Armenia chapter, says the country is marred by “political retributions,” and that those who rise against the authorities will be punished for corruption. She mentions the case of Vahe Grigoryan, a lawyer who has been in prison since February 2006, on forgery charges. Ms. Kostanyan claims that Mr. Grigoryan was imprisoned for daring to struggle against illegal construction in the center of Yerevan in which the government forced people to sell their houses.

People who own small and medium-sized businesses know that without the support of well-placed officials, they face an uphill struggle for business. Martun Alikhanyan, whose business manufactures machine tools, does not dream about expansion. “They won’t allow me,” he says, mentioning a member of parliament who tried to establish a business importing sugar. “They made the tax and duty field work against him, and also against the ones who would sell his goods,” says Alikhanyan. He gave the names of several MPs, such as Gagik Tsarukyan, Samvel Alexanyan, Lyova Sargsyan, Khachatur Sukiasyan, who control the import of flour, sugar, fuel and other goods into Armenia. Although the Constitution states that an MP is not entitled to own a business, this provision hasn’t prevented MP

Vahram Baghdasaryan from establishing a TV station, founding a business complex and selling syrup to the army.

“If you work in a legal way, you’ll work with a loss,” said M. Ch., one of the former heads of tax department of Vanadzor. According to him, for the circulation of goods worth 77,044 dram (US\$200) taxes will be half that amount. “Add to that US\$100 for sanitary epidemic station, US\$50 for fire department, US\$1 or US\$2 for policemen, US\$50 bribe to inspectors of municipality and tax department, and your loss will exceed US\$150,” said Mr. Ch. He believes that an imperfect legislative field and a system based on nepotism are the reasons for 70 percent of Armenia’s shadow economy.

The anti-corruption laws that have been adopted in Armenia have remained only on paper, or used solely against the opposition. During the three years since an anti-corruption effort was launched, no high-ranking officials have been punished. Corruption has deep roots in Armenian society, and political resolve will not arise without pressure from the public.