

**Commission on Security & Cooperation in Europe:
U.S. Helsinki Commission**

“Reform in Armenia: Assessing Progress and Opportunities for U.S. Policy”

**Commission Members Present:
Representative Marc Veasey (D-TX);
Representative Robert Aderholt (R-AL)**

**Other Members Present:
Representative Jackie Speier (D-CA);
Representative Frank Pallone (D-NJ);
Representative Sheila Jackson Lee (D-TX)**

**Witnesses:
Daniel Ioannisian, Program Director, Union of Informed Citizens;
Arsen Kharatyan, Founder & Editor-in-Chief, Aliq Media;
Miriam Lansky, Senior Director, National Endowment for Democracy;
Hamazasp Danielyan, Member of Parliament (My Step Alliance), National
Assembly of Armenia;
Jonathan D. Katz, Senior Fellow, German Marshall Fund**

**The Hearing Was Held From 2:05 p.m. To 3:44 p.m. in Room 210, Cannon
House Office Building, Washington, D.C., Representative Marc Veasey (D-
TX), Commissioner, Commission for Security and Cooperation in Europe,
presiding**

Date: Tuesday, October 22, 2019

VEASEY: (Sounds gavel.) Good afternoon and welcome. This U.S. Helsinki Commission hearing on “Reform in Armenia: Assessing Progress and Opportunities for U.S. Policy” will come to order.

If there are any members that aren’t commissioners, please come up and ask questions and come onto the dais.

Eighteen months ago, the people of Armenia began marching in the streets in a massive protest and civil disobedience movement that would become known as Armenia’s Velvet Revolution. Yerevan, Armenia’s capital, had seen waves of mass protest in recent years, but no one could have predicted that this manifestation of popular will would achieve the transformative change it has so far.

At the beginning of last year, it was difficult to imagine that the ruling Republican Party of Armenia’s grip on power was so tenuous, that it would recede and effectively vanish from politics in a matter of months after being in power for more than two decades. What’s more, the government’s history of violently suppressing protests meant that demonstrators knew theirs was a dangerous and inauspicious undertaking.

Few knew these lessons better than Nikol Pashinyan, the opposition leader at the center of the Velvet Revolution who was forced into hiding and jailed after helping organize protests against the initial election in 2008 of then-President Serzh Sargsyan, the very leader he helped depose last year to become Armenia’s current prime minister. The fact that this revolutionary political change took place without a shot fired is a testament to the strength, unity, and discipline of the protest movement, as well as to the responsible decision-making of government officials who declined to resort to violence to cling to power.

The 2018 protest movement coalesced around the demand to stop the term-limited president from becoming prime minister, but quickly grew to encompass broader goals and those who were demanding an end to systematic corruption, respect for the rule of law, and economic justice. These are demands that vaulted opposition legislator and protest leader Nikol Pashinyan to a landslide victory in parliamentary elections in 2018.

As we near the one-year anniversary of this historic election, the Helsinki Commission is convening this hearing to gauge how the Armenian government is delivering on its revolutionary promise. What has it achieved so far, and where should it channel its focus in its second year and beyond?

We’re also interested in how U.S. policy is adjusting to this unique political opening. Are our assistance levels adequate? Are they properly tailored to promote freedom, security, and sovereignty of the Armenian people? Given our mandate as the Helsinki Commission to focus on the Organization for Security and Cooperation in Europe, how are multilateral institutions like the OSCE responding?

I'm pleased that we have here with us today some of the Congressional Armenian Caucus leaders who have trained their focus on these questions and introduced appropriations language that would double the U.S. assistance to Armenia for the sake of bolstering democratic reforms. I also understand that USAID has responded to the political transformation in Yerevan by undertaking a strategic reassessment of its programming in this country. My hope is that this hearing will generate substantive recommendations for how to orient USAID's forthcoming programs towards the most critical reform priorities.

In the realm of multilateral assistance, the Commission is particularly interested in Armenia's engagement with the OSCE, the regional security organization this Commission tracks as part of its statutory obligations. Regrettably, however, OSCE's assistance to Armenia's reform objectives is hamstrung by the closure of the OSCE's field office in Yerevan since 2017, when the government of Azerbaijan unilaterally blocked the consensus required to extend the office's mandate. Without this office, it is more difficult to maintain regular OSCE engagement with the Armenian government to develop and implement important training, capacity building, and policy development initiatives.

In response to the OSCE field office's closure, the U.S. has initiated an Armenian cooperation program that draws together voluntary contributions from OSCE-participating states to support OSCE programs in the country. The Armenian cooperation program is contributing to the government's security and economic reforms, but this partnership should extend to judicial independence, parliamentary oversight, and also free and fair elections. I hope this hearing can serve as an encouragement to our partners in the OSCE to increase their commitment to Armenia's reform program through contributions to this U.S.-led initiative. I also hope that Azerbaijani authorities will reconsider their decision to block the mission and welcome discussions to reopen it.

Before proceeding further, I'd also like to thank Chairman Alcee Hastings for the opportunity to chair today's hearing on an issue of profound importance not only for the people of Armenia, but for the future of democracy and human rights in Eurasia and the OSCE region as a whole.

At this time, I would like to acknowledge other commissioners that are here and, again, members of the Congressional Armenian Caucus – Jackie Speier and Frank Pallone – that are here, and anyone else in attendance for opening remarks that they wish to make.

We have assembled an excellent panel to discuss developments in Armenia and to provide their recommendations for the path forward.

We're honored to have with us from Yerevan a distinguished parliamentarian from Armenia's National Assembly and a member of the My Step Alliance, Hamazasp Danielyan. Mr. Danielyan spent much of his career working in civil society and managing democracy promotion programs in Armenia. In the National Assembly, he serves as the coordinator of the Parliamentary Working Group on Electoral Reform.

And then we're going to hear from Arsen Kharatyan. Mr. Kharatyan is the founder and editor-in-chief of Aliq Media, an independent Armenian news outlet based in Georgia. Mr. Kharatyan is a founding member of Prime Minister Pashinyan's Civil Contract Party and served as a senior advisor to him during the first 100 days of his tenure as prime minister.

Our third witness is going to be Daniel Ioannisian, who is visiting from Yerevan, where he works as a program director for the Union of Informed Citizens, which is an NGO focused on developing Armenia's independent media sector and tackling issues such as disinformation and media literacy. As a political activist and civil society leader, he has developed expertise in many areas of democratic reform, and currently serves as secretary of the Parliamentary Working Group working on Electoral Reform that is led by Mr. Danielyan.

Also, in addition to Mr. Ioannisian, we will hear testimony from Miriam Lansky, senior director for Russia and Eurasia at the National Endowment for Democracy. Ms. Lansky has spent 14 years experiencing and studying and supporting democracy promotion in the former Soviet Union.

Lastly, Jonathan Katz, who is a senior fellow at the German Marshall Fund, will testify on his considerable experience managing U.S. assistance programs in the former Soviet Union. From 2014 until 2017, he served as deputy assistant administrator at USAID, where he managed U.S. development policy, energy security, economic growth, democracy, and governance programs in Eastern and Central Europe and the Black Sea and the Caucasus regions.

I will refer you to the materials in your audience handouts for the full biographies of all of our witnesses. Again, thank you for being here today.

And before we hear from Mr. Danielyan and his testimony, I also want to welcome His Excellency Mr. Varuzhan Nersisyan, the ambassador of the Republic of Armenia to the United States, who is also here today. Thank you, sir, for joining us.

I look forward to hearing all the experts' assessments and their expertise on Armenia. And now we invite Mr. Danielyan to begin his testimony.

DANIELYAN: Thank you very much, Mr. Chairman.

VEASEY: If you could please pause very quickly, I believe Ms. Speier is going to have remarks and then we'll come to you, Mr. Danielyan.

SPEIER: Mr. Chairman, thank you for holding this very important hearing on the burgeoning democracy in Armenia. I have met with almost all of your panelists, I believe I have met actually each and every one of you, on one level or another. And I regret that I'm not going to be able to stay because I am a member of the Intelligence Committee and we are knee-deep in interviews right now on the impeachment inquiry. So forgive me for not being able to stay.

But, Mr. Chairman, I wanted to share with you my observations, having just returned from Armenia. And I know my colleague and co-chair of the caucus on issues regarding

Armenia, Mr. Pallone, will also speak. Although we passed in the night, so to speak, we were not there simultaneously, but we did bookend each other in our travels.

Over the last year and a half, I have watched, as many of us have, with excitement and admiration as Armenia's people have transformed the government from a staid autocracy to a burgeoning democracy – all without a shot being fired. Seared in my mind are the signature images of Armenia's Velvet Revolution: hundreds of thousands of women and men in the streets protesting, children blocking the roads with their toy cars and trucks, and that defiance turning into joyful dancing and singing as Armenia's people and future carried the day.

As I said, two weeks ago I had the privilege to visit Armenia as a member of the first dedicated congressional trip to the country since the revolution. And I could not be more excited or encouraged about the progress that's being made after being there. Armenia's democracy is brand new: 102 of the 132 parliamentarians have never held public office before and its bureaucrats are inexperienced. But I have good news: they are up to the challenge.

I truly was blown away by the bright young people who will define Armenia's next chapter. They have much work to do: building political parties, reforming institutions, and writing and implementing laws. But they are truly up to the challenge.

Armenia's young people are brilliant, engaged, and capable, and they understand that they must act quickly to take advantage of their unique opportunity to define their country's future. I repeated that sentiment with the prime minister, the president, and with many of the members of the parliament. There is a small window of time in which to act, and act they must.

The efforts that are underway are daunting. There's no question about it. To reshape a country that has been under a mostly corrupt organization beforehand is very important. Some of the basic things that need to take place include building a modern, efficient bureaucracy; reforming the constitution and the electoral code; and improving the country's infrastructure and delivery of basic services, like trash pickup and street cleaning. All we need to do is follow the lead.

I'm very grateful that my amendment to allocate an additional \$40 million in democracy aid to Armenia received a resounding 268 bipartisan votes on the House floor, and it continues with this hearing today. Going forward, we must continue to highlight Armenia's progress, assist its government, and partner with its parliamentarians. I will say, and I'm sure my colleague, Mr. Pallone, will speak to this as well, we traveled to Artsakh and met with the HALO Trust there that has been doing an incredible job in demining. And yet, we have reduced the funding to \$500,000 in the next year to have them draw down when, in fact, they still need \$6 million over three years to complete their work. So I'm hopeful that we will rethink that allocation and recognize that we must assist in competing the task that HALO has started.

In meeting with the prime minister, he also made the plea to us that they want assistance in terms of training their law enforcement, and particularly to acquire police vehicles, much like the vehicles we have here in the United States. So we must also ensure that Armenia's leaders understand that taking advantage of their special limited opportunity to drive their country's

future will require laying out specific plans. So it's not good enough to just say we are moving forward. I think the Armenian people need to know specific plans that will be undertaken.

Armenia has come so far in such a short period. It is truly remarkable, and inspiring, and a reminder that even in the shadow of growing global autocracy, even in a neighborhood filled with bad actors, and even when it seems more distant, the flame of democracy burns bright and we can help it grow. I want to thank you again for holding this hearing, Mr. Chairman. And I look forward to the testimony. I regretfully am going to have to leave, but I will certainly read the testimony once it's transcribed.

And let me just say, as I leave, what's happening in Ukraine should be a warning to all of us that if we are not vigilant, if we do not support democracies that exist in that part of the world, we will be damned in the future. And I yield back.

VEASY: Representative Speier, thank you for your comments and thank you for joining us.

The chair now recognizes from New Jersey, Mr. Pallone.

PALLONE: Thank you, Mr. Chairman. I want to thank you and the U.S. Helsinki Commission for having this really important hearing today. And, as my colleague Jackie Speier from California mentioned, we were very fortunate just in the last few weeks, the two of us as well as Judy Chu, to travel to Armenia and see the results of the Velvet Revolution and meet some of the parliamentarians, including Mr. Daniel Ioannisian, who's going to be the first person to testify today.

I'll be brief, but I just wanted to say that it is incredible to me the amount of progress that has been made by Armenia since the first time I visited. I visited a few years after the breakup of the Soviet Union. And I can't stress enough, this was a new republic, a new country coming out of the Soviet Union that had a war over Artsakh, that had an earthquake which devastated major parts of the country, that continued to be blockaded then and today by its neighbors, Turkey and Azerbaijan, and was cut off, in the aftermath of the Soviet Union, from its market. Remember that Armenia was part of this market with the Soviet Union. It was a manufacturing center that produced a lot of products that were sold in the other parts of the Soviet Union.

So it was really on its knees. It was in bad shape. But even then, I think there was a feeling on the part of the new government that they had to be democratic; that they had to be market-oriented; that they had to enforce the rule of law. And I would be the first to admit that it was a long time before all those things came to fruition. And they're still not completely at fruition. But the bottom line is, when we had the Velvet Revolution in April of 2018, it was really a culmination of what I felt was the way that Armenia wanted to go. Armenia very much looks to the West and looks to our institutions.

And I'm not going to suggest that there still isn't a lot more that needs to be done with regard to judicial reform, constitutional reform, corruption, and police reform. Jackie mentioned that the prime minister stressed that to us more than anything else, because he thought that was

something that we could work on together. There's a lot more that needs to be done, but they have just made so much progress, and there's so much optimism in the air. And every one of these things that I just mentioned, the parliament is now working on. When we were there, we actually had an opportunity to go and listen to some of the debates by some of the members of the U.S. Friendship – they have a U.S. Friendship Council that's the equivalent of our Armenia Caucus. And we were there on a MECEA trip and they're coming here in November, some of the leaders of their equivalent of the Armenia Caucus.

And they were working on the judicial reform as we spoke. That was part of the debate in the parliament that ultimately passed. So I can't stress that enough. And, as Jackie said, this was a Velvet Revolution. Think about it. We know what happened in Russia. We know that Ukraine continues to be a dictatorship – or, not Ukraine. Belarus continues to be a dictatorship. We know how difficult it is for Ukraine. But here, without firing a single shot, the president resigned, there were new elections that were totally transparent last December. And I can't stress enough how much they're doing to bolster civil society, strengthen the democratic and judicial institutions, and root out corruption.

But the main thing I wanted to say, and I know Jackie alluded to that as well, is that's why we in the Armenian Caucus are really working hard to try to get the State Department and USAID to fund projects in Armenia. For example, we met with the high tech minister. And there are so many things that could be done there if we could do some more USAID projects, or other projects with U.S. help. We met with the health minister. The prime minister talked about police reform. Every one of these things could be done either through USAID or some of the other democratic institutions that we have here. So we're really trying to encourage that. We want the U.S. to get involved.

I introduced a resolution that aims to officially recognize the democratic reforms that the country's taking. And that's now in our International Relations Committee. I know that they're going to move that fairly quickly. I should also mention, if I can, that it's very likely that the Armenian genocide resolution is going to come to the floor next week. I know that might not seem to be the topic today, but I think it's also something that needs to be done in order to talk about the terrible history that Armenians faced over 100 years ago.

And so I'm hoping that under the auspices of both the Helsinki Commission as well as our efforts with the Armenia Caucus, that we can provide the investments that will build on the current U.S.-Armenia strategic relationships and help to grow what I consider an already thriving pro-democracy movement to reach its fruition with our aid. Thank you, again. My colleague for Energy and Commerce – I'm going to say one more thing. I chair the Energy and Commerce Committee. Marc is also on it. And a lot of the things that we mentioned in Armenia come right under our jurisdiction – tech, health care, energy. There are so many things that we have to look at in our committee – not that I'm going to tell you what to do. But we can work together on some of these things in our committee.

Thank you. Thank you, Mr. Veasey.

VEASEY: No, that's very true, Mr. Pallone. Thank you very much for being here today. Thank you for joining us. And thank you for your testimony.

And now the chair recognizes from Alabama, Mr. Robert Aderholt.

ADERHOLT: Thank you Mr. Chair. Just want to say, good to be here. I've been a member of the Helsinki Commission for many years now. And it's an important committee, it looks at issues around the world, and hot spots, and places that we can work together to make the different regions of the world our partners in many different ways. I don't have any really official opening comments. I want to say I'm glad to be here and look forward to the testimony that we're about to hear. Thank you.

VEASEY: Mr. Aderholt, thank you very much.

And now I'm going to recognize Mr. Danielyan to begin his testimony. And want to remind all the witnesses that we're here for an abbreviated time period. So, if you want to, make your remarks brief so everyone can have a chance to go, and we can have questions and answers, that would be great. Thank you very much.

Mr. Danielyan.

DANIELYAN: Thank you, Mr. Veasy. And thank you, Helsinki Commission members.

Let me start with thanking the honorable members of this distinguished Commission for organizing these hearings and bringing Armenia's democratic transformation under the spotlight. Your interest towards democratic developments in Armenia is very encouraging. The support is very much appreciated. I should say that as a member of the Parliamentary Assembly of the Organization for Security and Cooperation of Europe, we established good level working relations with the U.S. delegation and distinguished members. At the same time, I should bring your attention to the fact that there is much yet to be done in deepening our cooperation across all three dimensions of the OSCE.

I believe this hearing will contribute to that aim, especially in the direction of human rights and democracy. I also believe that Armenia's recent experience of peaceful democratic transformation has much to offer for many countries in the region and across the globe. And this experience and commitment to democratic failures and human rights was also recognized only a few days ago when Armenia was elected by the vote of more than 140 U.N. member states to be a member of the Human Rights Council of the United Nations.

Now, coming to the process of democratic transformation, for me there are many aspects I would like to present. While I was making my close to 30-hour long trip to stand in front of you, to make this five-minute testimony, I was thinking, what are the best ways to present the process that is happening in Armenia? And I came to the conclusion that maybe instead of presenting the details of democratic reforms and strategies, and all the documents that I suspect are being and can be communicated in a better forum, I will talk a little bit about my personal

experience and journey, which is directly intertwined with the trends that are happening in Armenia, and present a few episodes from the past 10 or so years.

So, first, let me begin with the February 2008 contested presidential elections that were happening in Armenia. I'm within my career working for a non-governmental organization in the United States, IFES, the International Foundation for Electoral Systems. And through this organization, we were supporting democratic elections in Armenia, as well as witnessing the systemic level of rigged elections. I cannot forget the efforts of a brave American woman, whose name is Linda Edgeworth, who was trying to save one of the local observers that was being harassed in the local precinct.

The number of precincts in Armenia are close to 2,000. And, unfortunately, there were not enough Lindas to assist stopping the systemic level of vote rigging. After these elections, for ten days citizens of Armenia protested peacefully on the streets of Armenia. And this resulted in one of the darkest days of modern Armenian history, March 1st, 2008, when, because of the use of lethal force, 10 people were killed on the streets. Only a few months later, I remember a conversation with my friend and colleague Arsen Kharatyan, in D.C. in the summer of 2008 about the democratic prospects of Armenia. And those were not very hopeful conversations.

And prospects were not very bright. Despite that, I returned to Armenia with the hope of contributing to the democratic development of Armenia. And one of the best and secure ways to do it was joining USAID efforts. And I should say that most of my career I spent working with different USAID projects aimed at working in democracy and governance sector in Armenia and aimed at strengthening democratic institutions in Armenia. I remember 2012 when I was hired as a country expert for reviewing USAID's country five-year strategy. And after a number of failed attempts to improve elections and strengthen parliament, there wasn't much optimism about the direction of Armenia's political development.

An important milestone in the negative development towards the autocratization of Armenia, in my opinion, was the adoption of constitutional changes in December 2015, which paved the way for a president, who was elected in 2008, to extend his rule beyond the two terms by changing the governing system in Armenia. I remember clearly that while drafting the annual report – I was drafting the annual report for Freedom House in 2016, I believe – I noticed that there was another year of stagnation of Armenia, and that my country slowly, but steadily, was coming closer to downgrading to the category of totalitarian regimes, despite all the efforts of civil society, international partners, and very few and already marginalized changemakers in the government.

I should admit, there were moments when I started to doubt that I would ever witness genuine democratic changes, or even a single free and fair election in Armenia within my lifetime. I had the same doubts when I joined the protesters in April 14, 2018 in Freedom Square, the place that was the epicenter of all important political developments in modern Armenian history, starting with the struggle for independence from the Soviet Union. There were a couple of thousands protesters. And I remember, along with Daniel Ioannisian who was there with his drone documenting the event, a small child with Arsen talking about the

importance of raising our disagreement with the plan of Serzh Sargsyan to remain as the leader of country.

Indeed, many of us were there just to protest this final act of the well-planned process of making Armenia into another post-Soviet country that is indefinitely ruled by a single person and a single party. Few could predict that only after a couple of weeks, this strongman would be forced to resign by hundreds of thousands of peaceful protestors, who joined those few of us, led by current Prime Minister Nikol Pashinyan. Already, by the beginning of July 2018, a commission of experts was formed that was led by – Armenia's a small country, so I will keep repeating the same names –Daniel Ioannisian, that was tasked to table a package of changes for the electoral code in preparation of snap parliamentary elections.

I was member of that commission, but I joined it slightly later because I was in this beautiful city early July supporting the work of the Smithsonian Institution, because Armenia was featured in its Folk Life Festival. After a couple of months of work, this commission was able to prepare a package of bills exactly one year ago, October 22nd, 2018. The parliament rejected this bill, and the parliament still had a majority of the outgoing party of previous regime. And interestingly, if they didn't reject the bill, they would now be represented in the parliament because this bill was suggesting for more inclusive rules – electoral rules.

December 2018 was the first ever genuine democratic election in Armenia. And, as a result of these elections, a new parliament was formed. And I am honored to be a member of this parliament. And this assessment is not the assessment of only the Armenian public, but also the assessment that is reflected in the OCSE Parliamentary Assembly-OSCE ODIHR joint opinion. And starting from March 2018 in the parliament, we formed a working group, bipartisan I should emphasize, where members of all parties represented were tasked with drafting and designing the changes – electoral changes.

I should, without taking much of the time, I should point out two things. This working group has prioritized a number of areas for the reform, including change of political party rule of law. And on Friday, we had a big public hearing with participation of all major stakeholders, discussing the ways we can liberalize the rules for party organization in Armenia and increase transparency because we consider this as an important measure for anticorruption.

I should conclude with stating that we have no illusions that the task of creating strong and democratic institutions, it is not easy. And there will be a lot of challenges ahead. But there are also no illusions that this may be the last chance for our generation to achieve this very important task of building strong, democratic statehood in Armenia, which is the only way that Armenia can enable Armenia to meet its challenges within and outside. I want to say that this is a big struggle of a small nation. And this struggle is not about geopolitics. This story is about people who wish to restore the sovereignty and are doing their best to make their homeland a place where they can pursue their happiness, with the respect of human rights and freedoms. And this is the struggle that we all hoped to have had during the past decade.

I hope later we will have a chance to discuss many more specific directions of the reforms that are happening in Armenia, but I will give the floor now. Thank you.

VEASEY: Mr. Danielyan, thank you very much for your testimony.

And now I'm going to invite Arsen Kharatyan. He is the founder and editor-in-chief of Aliq Media. And just a reminder, you don't have to read all of your remarks, but to try to keep them brief enough so that we can have a chance to hear from everybody, and perhaps even have questions from the commissioners and other of the dais. Thank you.

KHARATYAN: Thank you, Congressman.

I want to thank Chairman Veasey and Helsinki Commission for organizing this important hearing. And I want to thank, of course, the members of the Armenian Caucus, who I've known for over a decade myself. Thank you very much, once again, for putting Armenia and our democratic process in Washington and on the agenda.

Briefly about myself. I grew up in Armenia and got engaged in civic activism as a young student at a young age. In 2008, after the disputed presidential elections that saw then-President Serzh Sargsyan come to power, many of us were arrested, including the current prime minister and many of the political elite currently in power, harassed to an extent that we were, and I was forced to leave the country. But it wasn't all that bad. I found my wife, Ms. Sonia Shahrighian, here, who was born across the river in Virginia and who currently works for the U.S. government, and has been working for the last decade.

Her job took us to Georgia, the country of Georgia, which is also getting quite a lot of support from the U.S., which I believe is a very important thing to do. I, myself, worked at Voice of America and had the opportunity to interview many of you, including Congressman Pallone here and Congresswoman Jackie Speier, many times, especially when it came to discussions on the Armenian genocide resolution. And I remember one of these times, where my journalist colleagues were here and we were discussing the resolution in 2009 at the Foreign Relations Committee, which was quite tough work. It took eight hours and there were parliamentarians back then from Turkey, from Armenia, including the current ambassador to the United States, who was a DCM back then, Mr. Varuzhan Nersesyan, who I want to thank for being here with us.

Anyways, I will shortly talk about the revolution that we went through. This was by large a revolution of values. This was by large a revolution in aspiration for a democratic state that our country and our nation has been struggling with for a long time. This was a homegrown revolution, obviously. This is an internal process, by large. But this would not have been possible without the great support that the Armenian civil society and media have been receiving from the United States as well. For a number of years, this country has been supporting democratic institutions in our country, including my great colleague Miriam Lanskoj, who will be speaking here through the National Endowment for Democracy, which has been supporting many of the young civil society groups, including the media organizations, for many years, for which I want to thank. And I want to see the continuation of that.

So for the last three decades, our nation experienced great challenges. From military conflict in Nagorno Karabakh, which of course the congressmen and congresswomen here know very well, to massive economic decline, a transition from the Soviet centralized to a market economy with a continued blockade of our two borders by our two neighbors in the east and in the west. Since our independence in 1991, our people never stopped their struggle for their fundamental freedoms, civil and electoral rights. We do realize that the path to freedom is not an easy one. It is a bumpy road. But in our view, Armenia and the Armenian people have no other choice but to have a country with fully functioning democratic state institutions and a strong civil society.

While Armenia's nonviolent Velvet Revolution is yet another example of great positive transformation and a hope for democracy for the world at this time of crisis, I have to admit that there are a great deal of challenges we have to deal with. The new democratically elected administration of our country, headed by the leader of our revolution and currently the Prime Minister of Armenia, Nikol Pashinyan, has introduced its reform agenda with a big emphasis on fighting against corruption, building state institutions, ensuring fundamental freedoms and liberties of our citizens.

While, the current Civil Contract ruling party, or the faction called My Step, which is represented by my great friend Hamazasp Danielyan here, received a very high vote of confidence, over 70 percent, in December of 2018, the new administration in Yerevan is now dealing with fundamental changes in the state governance in order to ensure the prosperity of its citizens and security for the state. Years of corrupt governance eroded the state apparatus, creating an oligarchic and a kleptocratic system where all of the resources of the country were utilized to benefit a tiny minority of strongman and criminals.

To change an almost failed state to a functioning system of governance is not an easy task. And we expect the United States to stand by the Armenian people, as it has done since our independence. Since the early 1990s, the American people supported Armenia in its path to democracy, market economy, and helped build a strong civil society, as I mentioned before. I would like to note that this continued support has been instrumental in our success before, during, and hopefully after this Velvet Revolution.

Since its inception, the democratically elected parliament and the government of Armenia have announced a wide range of reforms and a fight against corruption. I can state that at this point, systemic corruption in the country is practically eliminated. And that said, the prime minister and the government, no one in the ruling party has been or can be spotted for being involved in anything related to corruption. The political elite, which came to power as a result of the revolution through free and fair elections, is a group of young and educated idealists, who are true believers of fundamental human rights and have the best intentions to make their country a fully functioning democracy.

However, it is evident, that good intentions are not enough for changes of this scale, so we do need your assistance at this critical time. The government of Armenia has announced its policy of fighting against corruption, which will soon be adopted by the country's parliament. The policy includes a wide range of changes in the areas of judiciary, tax and customs, reforming

police and public security system, as well as education, health care, and social security. The United States can and has already showed interest in supporting the Armenian government in all of these areas. However, it would be a great sign of support from Washington if this interest translated into concrete actions.

While with the great help of the friends of the Armenian Caucus at the U.S. Congress, the financial aid to Armenia has doubled for the next year. Earmarking the funds allocated to our country, like it is done with our neighbors Georgia and Ukraine, would be a great sign of wider political support. Meanwhile, in my view, from aid to trade should be the philosophy of Washington, D.C. with regards to Armenia. Hence, making Overseas Private Investment Corporation, the OPIC funds, larger, like it is, again, in the case of Georgia and Ukraine, would encourage American businesses to enter the Armenian market with more interest and confidence.

Last but not least, supporting Armenia in the area of security can and should be discussed further. Our military's present in Afghanistan and Iraq within the framework of NATO's Partnership for Peace program. Considering the unresolved conflict in Nagorno Karabakh and the changing security architecture of our region, continued and deeper training of our security forces is of crucial importance. So this is an area where U.S. support would be greatly appreciated – really appreciated.

That said, you should also raise your expectations of what Armenia and the Armenian people can and should do in the months and years ahead. You should not explain or excuse away our failures because of geopolitics or the legacies of the past. Yes, Armenia's challenges are decades in the making, but just like the people's apathy and seemingly all-powerful political monolith, the challenges can be overcome and resolved. Much is at stake, and we have got to get this right. The people who believed in themselves and the strength of the universal ideals of freedom, fairness, and pursuit of happiness deserve it all.

I once again thank this Commission for organizing this important hearing and will be happy to address your questions.

VEASEY: Thank you very much for your testimony, Mr. Kharatyan. I really appreciate that.

And now the program director at Union of Informed Citizens, Mr. Daniel Ioannisian, who will begin his testimony now. Mr. Ioannisian.

IOANNISIAN: Thank you very much, Chairman Veasey. This is a great honor for me to appear here in front of you and to give testimony regarding democratic transition in Armenia.

For decades, democratic institutions were being systematically destroyed in Armenia. All the state bodies forcefully served a group of people who kept power through rigged elections. Extensive propaganda and total apathy were also helping that group keep the power. This situation was an example of state capture. Expressing their discontent towards yet another attempt to violate democracy, and desiring to counteract corruption, the people of Armenia made a democratic and peaceful revolution last year. As a result of the revolution, people who lost

power did not lose the very big amount of financial and media resources they had. With the obvious support from Russia, they started active propaganda against liberal democracy, setting it against security. That propaganda is so active that it makes the authorities step back from the ideology of liberal democracy, which they share, I'm pretty sure. And the authorities are doing so to prove that they do respect the importance of security as well.

And here, I don't mean the real security. I mean nationalistic and hoorah-patriotic rhetoric. Currently, Armenia needs to consolidate its democracy so that the values of liberal democracy are not compromised. For that reason, support to the developments of democratic institutions is important, but it's not enough. As I already noted, the representatives of the former government, the former corrupt government, are trying to stop the democratic transformation by all means they can. These groups continue to own huge financial resources and they act very efficiently in the cyber and information space. And they are backed up by Russia. I should note that in this respect, it will be very efficient to freeze the illegally obtained assets of those who have committed crime-related offenses in Armenia, to freeze it everywhere in the world, and including in the United States. Of course, this all should be done with full respect of human rights and fundamental freedoms.

But neutralization of corrupt representatives of the former government is not enough. It is also important to support making the democratic transition in Armenia more complete and comprehensive. It is crucial that the independent justice system and efficient law enforcement develop in Armenia. One of the weaknesses of the law enforcement system in this respect is the lack of capacity to fight against corruption, organized crime, and cybercrime. The capacities of the law enforcement and judicial system in this sector are so weak, that very often they are not able to institute criminal prosecution based on the investigations already conducted by investigative journalists or other watchdogs. As a result, the representatives of the former corrupt government violate laws, commit financial and cybercrimes, and conduct large-scale campaigns against democratic reforms, but remain largely unpunished only because the capacities of law enforcement, the prosecutor's office, and the independence of courts are not enough to respond to these criminal activities.

Although Armenian authorities share democratic values and human rights, they are quite inexperienced. And due to this factor, the former corrupt regime manages to force the authorities to slow down the institutional reforms by setting, as I mentioned, security against liberal democracy and affecting public opinion. It is also important to note that with respect to higher efficiency of reforms and not compromising the ideas of liberal democracy, it is crucial that the process of reforms should be inclusive, and nonprofit organizations which have promoted democratic values for years or decades are actively involved in it.

Today, Armenia has an exclusive and unique opportunity to put the principles of liberal democracy on institutional basis. To reach that goal, support should be provided to Armenia in terms of becoming more independent from Russia. It is no secret to anyone in this room that Russia does not like any democratization process in its neighborhood, or anywhere in the world. And the independence from Russia can grow if non-natural gas-based generation of electricity and other infrastructures will develop in Armenia. The first will assist to reducing the influence

of Russian natural gas, and the second will help in bringing back Armenian working migrants from Russia, since they also serve as a pressure tool for Kremlin when needed.

Support to institutional reforms should be not only financial, but also it should be as sharing of experience. There are very good examples. Maybe mentioning the Ukrainian example is not the best idea in these days here, but still, the experience that was shared in Ukrainian anticorruption bodies was quite useful.

Thank you very much, and I'll be happy to answer any questions.

VEASEY: Thank you very much, Mr. Ioannisian. I really appreciate that.

And now we're going to have Miriam Lansky, who is the senior director of the National Endowment for Democracy. I want to remind the witnesses that their full testimonies will be entered into the record. And please feel free to summarize your testimony in the interest of time.

Ms. Lansky.

LANSKOY: Thank you very much, Chairman Veasey, and other members of the Commission. Thank you for having this hearing. And it's a great honor to be here to speak about the reform in Armenia.

The National Endowment for Democracy is a congressionally funded private foundation which is dedicated to the growth and strengthening of democratic institutions around the world. NED has been working continuously in Armenia since the mid-1990s. We've supported a wide range of programs for this entire period. And since the revolution, we have seen the transition in Armenia as a major regional priority. We do view Armenia similarly to Ukraine and Georgia as a major priority. And I want to join others who have said that it should be approached in a similar manner, through USG funding to be accelerated in a similar way.

Armenia's Velvet Revolution is an authentic democratic breakthrough. It's a historic opportunity to build a more just system. And it presents many opportunities for deepening relations with the United States. Having said that, and with sort of all due respect to my colleagues, the change has been slow to materialize. Prime Minister Nikol Pashinyan has been prime minister since May 2018 and the newly democratic parliament has been there since January 2019. Over the last few months, we are starting to see some of the reforms take shape. And as already has been mentioned, particularly in the areas of anticorruption, judicial reform, and electoral law.

They're only a year into a five-year term. So, there's still a lot of time and their popularity is very high with the Armenian people. So this new government does represent a very popular aspiration for democracy. They have 70-80 percent support throughout the last couple of years. No one doubts their values or their intentions. I think there are two issues. One issue is of a philosophical nature. These people are idealists, committed to democratic principles and want to be cautious, and don't want to see drastic, rapid transformation. Another type of issue is a kind of overreliance on the executive, which is typical of the post-Soviet space, where the

office of the prime minister is the seat of all power. And that is consistent across time and space everywhere in the post-Soviet area.

However, for democracy to flourish, the other branches, particularly the parliament and the courts, also have to come into their own. And in Armenia, I would say the major opportunity is the parliament. As has already been mentioned by Congresswoman Speier, it's a freshman parliament. One hundred and one parliamentarians are in their first term. These are young people. They are well-educated, they're worldly. They are really the future of this country. And the more that we can do to build up the capacity of the parliament and enable it to play a stronger role in reform in the future, the better. NDI and IRI are already there, with some support from AID and some from NED. But more can be done, especially building up commission staff and various professional staff, like a research service for the parliament.

NED has prioritized media assistance and countering disinformation. As has already been noted, the media space is still largely controlled by oligarchs, particularly television. They are close to Russia. This is a major destabilizing force in Armenia. New TV licenses are not yet available. They might be in a year or so. At the moment, what we're doing is focusing on building capacity of independent online media that have a strong audience and have a strong editorial line and can, in time, transition to television when that opportunity is available.

More could be done to provide training and to provide different opportunities for independent media to emerge, as well as to help the public broadcaster and also to help the government develop communications strategies. There's an overreliance on social media. This was a social media revolution. And the people in government too often are sucked into kind of social media storms. And there could be more to help professionalize the way that government officials, parliamentarians, work with the public and with the media. So, there are many areas where the U.S. can offer support through programs, and to really help develop a more robust democracy.

Finally, the last thing I want to mention is that Armenia has put its former president, Robert Kocharian, on trial. This is a huge, huge achievement. It's a big deal. No former president in the former Soviet space – some have been removed – but none have gone to trial. Kocharian is a friend of Putin's. No one would have thought that Armenia would be able to do this. And this goes back to what Mr. Danielyan mentioned, the killings in 2008. Kocharian is being held responsible for those killings.

But there are enormous problems because the constitutional court is made up almost entirely of Kocharian's appointees. So they have voted, the constitutional court has held that he enjoys immunity. This is an extremely important and difficult process that Armenia is going through. And there's a lot of questions about whether an authoritarian constitution, an authoritarian juridical system, an authoritarian constitutional court could actually deliver justice in a pivotal case like this. And we're seeing now a complex process of trying to bring about that justice.

And just in closing, again, Pashinyan and My Step remain very, very popular. They have four more years in their mandate. And all of society is really hoping that they do build systematic and real institutional reform. Thank you.

VEASY: Ms. Lanskoj, thank you very much for your testimony.

And now I would like to recognize Mr. Jonathan D. Katz. He is the senior fellow the German Marshall Fund.

Mr. Katz, thank you very much.

KATZ: Thank you, Mr. Chairman, and members of the Commission, Congressman Pallone, others, particularly the chairs of the Armenia Caucus. And I want to just applaud them for the recent visit to Armenia. I get a sense from Armenian leaders that they'd love to have more visibility with U.S. officials at a much higher level. And so your visit there is really incredibly important to that effort.

I want to just thank you [for being] on this panel today with really some very distinguished colleagues. But I want to praise the colleagues who've come here from Armenia, because they were on the frontline of democracy, making the change happen. And so I just want to applaud you for your efforts, and your leadership to be part of really a transformative moment in Armenia.

I think, as was pointed out, in an era where we've seen democratic backsliding occurring in too many countries across Europe, Armenia stands out as a nation bucking this disturbing trend. Despite economic, political, security and geostrategic challenges, Armenia has forged ahead. I think you all deserve a lot of credit for those changes. These challenges, as we know, are particularly acute when you consider closed borders, Yerevan's delicate balancing act between Russia and the West, and what had up until recently been a fairly weak democratic progress in Armenia since independence in 1991. When I look at Armenia, this is the government that has, I think, the biggest commitment and the best chance to really truly form democracy in Armenia since 1991. And I hope we take advantage of that.

Now, Armenia's undergone a truly historic transformation following its Velvet Revolution in the spring of 2018 that has ushered in an unparalleled opportunity for democratic and judicial reforms that had been stymied by the previous government. Last December's Parliamentary election and sweeping victory for the prime minister and his coalition has created unprecedented conditions for the Armenian government to act quickly on the Velvet Revolution demands. In effect, they have a mandate to make these changes and to do them.

I appreciate what Miriam has said about the speed of those reforms and the need for the government to move forward. That even with high popularity ratings, that I think any politician would be envious of, there's still a period in which the public will look back and say whether or not their hopes and aspirations, those that were played out in the Velvet Revolution, actually come to fruition. And I will just say that I've seen this other – where you're talking about the

Maidan in Ukraine, where you have these high expectations of the public, and at times you don't necessarily have the government in place to carry out those reforms. I think in Armenia, you do.

And Miriam mentioned, I think, one of the largest problems that they have in doing this is the judicial system itself, which is an impediment – which is often an impediment in a number of countries in the region. Moldova recently went through this same exact challenge with its judicial system. And you see these same type of challenges in Ukraine today, where a new high anticorruption court was just formed as a means, in effect, to rebuild a judicial system to address corruption. So these challenges are deep. But at this point in time, these are really unprecedented conditions of the Armenian government to carry out reforms.

Notwithstanding this transformation, we know that these reforms are incomplete. The government's been in place. We know that the prime minister took over shortly after the Velvet Revolution, but also he didn't have a parliament with him capable of carrying out reforms until January of this year. So we're onto about month number 10 carry out reforms in a system that was incredibly corrupt. And those vestiges remain.

And so I think, on one hand, there needs to be speed, but also we need to recognize that these things will take time. And even in the best of circumstances, if you look across this region, it will take a number of years before reforms are not only passed, but implemented. And that's really important for partners of Armenia that are thinking about supporting Armenia or thinking about, as you're talking about, legislation and about how best to support this.

So helping Armenia to succeed is not only important for our meetings themselves, but I also want to just point out that it's really important for U.S. and European efforts to advance democracy, combat kleptocracy and illiberalism across Europe, Eurasia, and globally. And I think this is so important.

The Helsinki Commission has been at the forefront of this for years to address these challenges; even recently held hearings. It's a challenge that we're facing globally. And in Armenia – success there is such an important thing for others, both in its region and globally. So we know this is in the interest of the United States for this to succeed.

Armenia's revolution, which no one could have predicted, is an opportunity for Armenians to break free of entrenched corruption that has held back this nation politically and economically, and put the future of this nation of 3 million in the hands of its people. I want to applaud the Armenian government's reform plan, which is to be commended, which focuses on the key importance of democracy, development of democratic institutions, rule of law, equality before the law for all, the existence of an independent judiciary, and an introduction of effective mechanisms of checks and balances.

It was mentioned earlier too how important this is, especially with a new parliament in place, that you don't want to – in Armenia or in this region – to have power concentrated in one body and one hand. And hopefully the work that you're doing will help them move forward in that direction.

So, for Armenia to carry out this ambitious agenda, it's incredibly important for partners of Armenia, including the U.S., the Helsinki Commission, and Congress, to support this transformation by providing necessary assistance and resources and working with the Armenian people, civil society and government.

U.S. policy towards Armenia should also include a strategy that greatly enhances Armenia's independence, which we haven't talked as much about today, and expands its political, economic, security and energy options. Russia was mentioned briefly by one of our speakers. And if you look down the line at the dependence of Armenia on Russia in a number of sectors, you know this is a challenge. But it's important that Armenians should be free and independent to determine their own future domestically and internationally.

Commissioners, and members of Congress, your continued leadership in this effort is critical twofold. First, your leadership is needed as legislation and assistance for Armenia currently making its way through Congress is passed and ensure that the assistance is funded and targeted appropriately. And I think this is really important. It was mentioned that USAID and the U.S. government has pivoted over the last year. And I think that's really important. But even the passage of legislation and passage of new funding for Armenia has to be followed all the way to the end point as well.

And I'll just say that we've seen a real change in the language of how the U.S. government is engaging directly with our Armenian counterparts. And I think this is really important. As many of you know, there is an ongoing process over the last year called the U.S.-Armenia Strategic Dialogue, which was to discuss cooperation on strategic reforms and promoting shared democratic values and deepening cooperation. And this is really important -- it was meant as an effort by the U.S. government to recognize that the relationship has changed, that things in Armenia have changed.

And so I think the most important thing we can do is to continue to encourage that type of cooperation. USAID has launched a number of new initiatives and projects over the last year, one on energy security, one on good governance, and others dealing with economic reforms and economic growth. Those are going to be critical to continue.

The other aspect too is that the U.S. is not the only country that's providing support for Armenia. There's an agreement with the European Union, a comprehensive agreement, called CEPA. The EU provides 40 million euros annually and share some of the same goals and objectives of the United States in this space. It would be incumbent on the U.S. to work more closely with the EU and Armenia, and also to continue to try to provide the resources to help support Armenia's growth.

We can get more deeply into some of the details of this, because I know we've got a short time. I just want to thank the Commission again for the opportunity to speak today. Thank you.

VEASEY: Mr. Katz, thank you very much.

And I'd like to now take the time to recognize Mr. Pallone. He needs to leave soon. But he does have some questions that he'd like to ask. I recognize Mr. Pallone to speak.

I do want to acknowledge Representative Sheila Jackson Lee from the 18th Congressional District in Texas. Thank you for joining us.

JACKSON LEE: Thank you.

VEASEY: Mr. Pallone.

PALLONE: Well, thank you, Mr. Veasey. I apologize. I feel bad going in front of the other commissioners.

But I'll be brief. I'm going to ask three questions, and two of them of Ms. Lanskoj. Right? And I apologize to Mr. Danielyan and the others from Armenia, but I got a chance to talk to you in Armenia. So I want to ask them something. (Laughs.)

One was about the media and the other was about the role of parliament. And in each case, these were things that we discussed with the Armenian MPs when we were in Armenia a few weeks ago. And you talked about the media. And, of course, they were very concerned, the MPs, about the fact that the media continues to be controlled by the oligarchs and by the the forces of the previous government, essentially.

And they had asked that when they came here to meet with us in November, that we set up a meeting with the FCC, our Federal Communications Commission, because they were basically saying, what can we do to set up some kind of a structure with regard to the media?

Now, you mentioned problems with licensing. You talked about moving to a more independent online. How could we be helpful? Like, what is the role of the FCC, for example, in the U.S. that doesn't exist in Armenia that we could use in preparation for this meeting to say what we could do?

I know they've heard about the FCC, but they weren't too specific about exactly how that could be emulated or whatever. You want to talk about that?

LANSKOY: Yes. Thank you for that question.

I don't necessarily have a good answer in terms of whether the FCC itself as a model would be correct here. But there needs to be a strategy for how to approach fairly the question of licensing broadcasters. That could be the FCC. That could be other places that have had successful –

PALLONE: Is part of it –

LANSKOY: – transitions.

PALLONE: I'm trying to remember. I think a lot of it was they were concerned about transparency and ownership. In other words, here, when you own a station there's transparency of ownership, which doesn't necessarily exist in Armenia.

LANSKOY: Oh, so transparency of ownership is a key issue. And that's something that could be put in place, I would think, more easily than the whole question -- you have to come up with some fair process for which stations are going to continue to have licenses and which ones shouldn't, right, and on what basis you would award new licenses.

But you absolutely should be able to -- and this was done in Georgia, frankly. There was a long time when it was not well documented, and you understood that there were intermediary owners and you could never get to the bottom of who actually owned a station. That should not be so complicated to do. And we could come up with examples of where that has been done.

PALLONE: All right. I know --

LANSKOY: I mean, I think there are others.

PALLONE: I've got to be brief because I want to get to two other things, but go ahead. Arsen, if you want to just --

KHARATYAN: I just wanted to pick up, Congressman, because it is an important and pressing question. Currently the parliament is discussing the new law on media. And in 2021, we have the frequency competition coming up. They're looking at different models of how you can limit one person from owning 50 percent of the public TV frequencies.

PALLONE: OK.

KHARATYAN: So they're going to limit the ability for one or two owners who own, let's say, three, four available frequencies. If they want to have it in the private space, that's fine. But I just wanted to point out --

PALLONE: No, I appreciate that. And, Mr. Veasey, we'll continue with this.

But let me get in my second question, because I have three and these guys are going to get tired of hearing from me. Second one is you talked about the role of the parliament versus the executive. Now, of course, we have that problem here increasingly too, so I don't know that I want to use the U.S. as an example; but, in other words, having professional and research staff, which, of course, we do in the Congress. Just develop that a little more for me, how that can make a difference.

LANSKOY: If I'm not mistaken, there's almost no professional staff. There's a dozen professional staff in parliament. Is that right? So there's a woeful lack of staff. And the idea that members such as yourselves could cover all of those areas, especially when there is time pressure -- so when I say that reforms need to come quickly, I also understand that there's this

whole range of problems. And, yeah, there's no committee staff. There's hardly any personal staff.

PALLONE: Do you want to say something quickly, Mr. Danielyan?

DANIELYAN: Very quickly, I want to reflect, because the speed of reforms is directly related to the capacity of the parliament. And we should be aware that we are talking about an institution that we inherited that used to be a rubber-stamp parliament that was there simply to ratify whatever came from the executive, while, from the day one it was announced that the political reforms are going to be designed in the parliament. And for this we need capacity. And oftentimes the speed – for example, including the working group that I'm coordinating – depends on the lack of institutional capacity and processes.

PALLONE: Sure.

DANIELYAN: I should recognize also here the support – the certain level of support that we are getting from USAID programs –

PALLONE: That too.

DANIELYAN: – in terms of electoral affairs, I have mentioned; IRI, for example, in terms of conducting evidence-based policy reforms. They are in Armenia doing public-opinion polls. Once I return to Armenia, we are going to have town-hall meetings to discuss this – with the support of IRI to discuss these changes in the law, political parties. But a separate, well-designed intervention that would support institutionally the Armenian parliament, we very much appreciated because that's also defining the pace of the reforms in Armenia.

PALLONE: And we can talk about this when the MPs come over here in November.

But my last question was for Mr. Ioannisian. Almost everything that I mentioned, as Mr. Veasey knows, comes under our committee, of course. These are things that relate to our Energy and Commerce Committee.

But you talked about independence for energy and dependence on Russian natural gas. What would you have us do? In other words, we're the energy committee, Energy and Commerce. We have had set up programs with Israel, for example, for energy independence. What would you have us do to move in the direction you're suggesting of less dependence on natural gas, and therefore less dependence on Russia?

IOANNISIAN: Thank you very much, Mr. Congressman. If I could also to say a few words about the media.

So, in Armenia, there is no way to run a profit-making media outlet because the market is small, and other reasons. For that reason, all the media outlets that are independent, they are supported by the West generally, mainly by the United States. It is by the National Endowment for Democracy. This is why the State Department and Open Society Foundations, are also very

active. But if we want to have more independent media in Armenia, this media should be directly supported.

Regarding your question on independence from the viewpoint of energy sector, I should mention that one-third of electricity in Armenia is produced by natural gas. Also, we have a nuclear-power plant which is producing approximately one-third of electricity –

PALLONE: And a lot of the MPs mentioned hydropower too.

IOANNISIAN: Yes. And the rest one-third is hydropower. But the nuclear-power plant should be shut down probably in more or less seven years. It cannot work forever. And, because hydropower is quite limited and it can't be kind of raised, this will lead to have more portion of electricity produced by natural gas. And the natural-gas monopoly in Armenia belongs to Gazprom Armenia, which 100 percent belongs to Gazprom.

So to have more independence in energy sector, we will need other sources of electricity.

PALLONE: Are we talking about renewables? Solar? Wind? What are we talking about?

IOANNISIAN: It could be a power – nuclear-power plant. It could be solar. I don't think that wind will work in Armenia. I'm not sure. Solar could work. Now, there are some programs supported by European Union for householders to have solar-power panels. But also – solar-power panels are quite limited and the efficiency is quite limited. So –

PALLONE: I mean, it seems to me – Mr. Veasey, I know you're from oil country, so I have to be careful. (Laughs.) He's from Texas, you know.

VEASEY: (Off mic.)

PALLONE: (Laughs.) But what I was saying is we did something with Israel on energy, cooperation. Maybe we could do something similar with Armenia and look into that.

DANIELYAN: Congressman, quickly –

PALLONE: Go ahead.

DANIELYAN: – if I may add, as Daniel mentioned, yes, by large we are dependent on gas from Russia. And the other source is Iran, if you remember. And that is –

PALLONE: Oh, sure.

DANIELYAN: – another. And you don't pick your geography, as they say. So solar is the way to go. I will just mention this. In one of the regions near Lake Sevan, there was research that showed that it has the largest number of solar energy throughout the year, over 300 days. And I think the government of Armenia has prioritized solar to be the way to move

forward. The key part of it is to be able to sustain it within and not import the panels or anything else. So, producing the solar panels and making some kind of a chain of sustainability might be a key area to look into.

PALLONE: OK, thank you.

KATZ: Can I just add too? I mean, just on energy, there is ongoing U.S. government cooperation with Armenia on energy. One of the issues has been trying to connect Armenia back to back with Georgia on electricity and then connecting it to the wider European energy market.

What that will take, though, which is really important, is that the U.S. government has gone in to provide resources for legal and regulatory changes that are needed for Armenia to comply with EU energy laws. And that really is important. That connection is important. It's what we've been trying to do both with Moldova and Ukraine as well. It's to try to connect them to safer energy partners and provide some real security. But I think it's –

PALLONE: You know, one of the –

KATZ: – happening right now.

PALLONE: Well, one of the things that we used to have – and I'm going back; Mr. Veasey won't remember because he's too young, I don't know if anybody in this audience will remember, but there was a time when we had, through the Appropriations Committee, a – I don't know what it was called – but it was like a trans-Caucasus pot of money. It was set aside every year in the appropriations process for the Caucasus. And it could only be tapped if two of the three countries cooperated. It was Georgia, Armenia and Azerbaijan.

And it was set up as a way of trying to create cooperation and lessen tension, if you will, between the three Caucasus countries. And, if Georgia and Armenia got together – it would be nice if it was Azerbaijan too, but that's less likely – then, we'd get the funding for that. And it could have been like a water project or an energy project or whatever. We should probably look into something like that again, because that would be also a cooperative effort in the Caucasus that could be a source of funding that brings the countries together.

KATZ: Absolutely. And I think Georgia is a good example of a country that was greatly dependent on Russia and has completely removed that dependency on Russia through other means. Georgia is such an important partner for Armenia, particularly in this energy sector. And I agree. I think the resource levels that USAID has been working with and the U.S. government are probably not sufficient enough to move the needle completely. So it's an area that should be looked at.

PALLONE: And I don't mean to suggest – I'll end, because I took up too much time, but I don't mean to suggest in all of this that somehow Armenia shouldn't be cooperating with Russia, because I know that that's necessary for military and security purposes as well. But I don't like to see the oligarchs control the energy sector or the media sector or anything, because

it's not just a Russian issue; it's an oligarch issue. And it's antidemocratic. So that's important too.

Thank you, my colleague.

VEASEY: Chairman Pallone, thank you very much. I appreciate you joining us today.

And I have a few questions myself that I wanted to ask. Mine specifically revolves around corruption, because I know that has been an issue in a lot of former Soviet states and regions in being able to move forward, quite frankly. And I've visited the Ukraine and have seen it personally myself and know that that was something there that came up over and over again, and know that it's been an issue here. But I know that this new government has adopted a new national anti-corruption strategy, and I was just wondering if you might be able to update us. Maybe Mr. Katz or Mr. Ioannisian, if you could update us on what are the key goals of this national strategy on anti-corruption, and what is the status of this implementation?

IOANNISIAN: Thank you very much, Mr. Chairman. I should say that the anti-corruption strategy was prepared during the last five months, maybe six months. The preparation process was quite inclusive. Civil society actors were involved in discussions.

So basically there are a few main things. First is that we're going to have, finally, a specialized law enforcement body [that] probably is going to be called Anti-Corruption Committee, which will fight criminal offenses of corruption. This body will include us investigators who will investigate the cases, but also it will include intelligence bodies who will find the cases.

It is also important that we will have comparatively new regulations regarding illegal enrichment, illicit enrichment, which is also a very efficient way to fight corruption. So also—beneficial ownership of mining sector is very important that we will have probably next year. This is also very important issue for transparency and for preventing corruption regarding mining sector.

There are many issues, I'm not aware of all the details because the document is more than 50 pages, but I'll be happy to provide it later. Thank you.

KATZ: I was going to suggest to you that a member of parliament who is sort of pushing this through right now would have a good sense on the exact timing of what's going to happen next.

DANIELYAN: Thank you. Well, I would just want to add certain directions that are part of the strategy. It's including, well, strengthened, enhanced institutional capacity to fight corruption with the revision of the whole institutions, and this commission will be tasked – we have a broader mandate and toolkit. For example, in the Parliament we are discussing that also financial oversight of political parties should be part of this institution, and there are successful cases from post-Soviet space where this is implemented. Other things that are part of the strategy is a mechanism for stolen asset recovery, strengthening of whistleblower protection,

increased transparency and accountability of public offices and enhanced integrity through comprehensive declaration of assets and interests, and as well as anti-corruption education and awareness-raising. So it's a quite comprehensive strategy.

VEASEY: Thank you.

IOANNISIAN: Mr. Chairman, if I just add, sir, that regarding stolen assets recovery, I guess the United States of America can be very good ally for this reform in Armenia, because I'm pretty sure that many stolen assets are kept in United States.

And the second thing regarding Anti-Corruption Committee, it would be very useful if the FBI or other law enforcements from United States would share their experience, would train these new law enforcement bodies, because such trainings were very useful in other post-Soviet countries.

Thank you very much.

VEASEY: Thank you very much. And I know we've kind of talked a little bit about corruption and judicial reform. Was there something – because obviously we weren't there, and I don't know what all was said during the campaign, and it may be better if you want to put members of Parliament on the spot – but I just wanted to know, was there some things, any promises that – maybe Ms. Lanskoj – any promises that were made during the campaign that are going to be hard – obviously, although there are going to be challenges for any promises to be kept, but if there are some that are going to maybe be more tough than others that we should be concerned at – looking at them down the road?

LANSKOY: I think it's going to be tough to deliver. The expectations are very high. Pashinyan made sweeping promises also about economic growth with – and growth of the population, but – that Armenia can flourish over the next several years to deliver the kind of growth he's talking about.

It's great to set really high expectations and try to reach them, but whether that's realistic and – what can we do to help that come to fruition? Can we think through economic strategies and socioeconomic programs that may keep more Armenians at home so people don't have to leave the country to find work? Can we help them think through other kind of growth-oriented reform, infrastructure projects? And, of course, rule of law is key to attracting investment, the kinds of anti-corruption plans being discussed, that's very important in the dialogue with the EU that unlocks a lot of EU funding.

I think these are difficult challenges that they have set for themselves, and if we can work with them on a number of them, I think it could be productive. It might not reach the really high standards that they've set for themselves.

KATZ: Can I just add to this too? I think with the challenges that there's these great expectations that have been made, and turning plans into policy, into law and implementing it is a huge task. So even with the greatest intentions, it's a difficult task.

Miriam mentioned earlier, I think that one of the biggest challenge will be the judiciary, which is connected to the previous regime. And so, if you're pushing constitutional reforms and the courts are rejecting those reforms, it's problematic. If you're prosecuting someone who should be prosecuted for committing acts of corruption or other acts and you don't have a judiciary that's independent, it's problematic. So the vestiges of that old system that's in the media, that's why it was mentioned before how important it is for the U.S. to keep funding independent media or other partners, because that's really the only way in an unsustainable media market to have independent media, to continue to do that.

And just lastly, on Russia and sort of other malign influence. I think the congressman's correct – Armenia obviously has a close relationship with Russia, has to balance that relationship, but it's really – I think we have to recognize that when you see Mr. Pashinyan on the one hand – there was a great picture of him at a recent Eurasia Economic Union event, a selfie with him and Mr. Putin and other Central Asian leaders who're part of the Eurasian Economic Union. You know that they're on sort of different spectrums of democracy – human rights and sort of corruption. They're representing two systems. I believe as soon as Russia believes that it's not in their interest to have this government, they will ratchet up the pressure on this government. And it's something that will be a challenge because there's obviously a deep security relationship and energy relationship. And so we have to take that into account, that there are other forces that are pushing in the opposite direction of where the government wants to go.

And lastly I would just say is new partners like China, it's so important – I think China is the second-largest trading partner of Armenia now, and it's important to know that as China is seeking to invest, that the Armenian government makes certain that transparency is part of this process. Even small countries like Armenia can say that these are our standards. And that also, as Armenia's corruption is addressed and people look at Armenia as a market to invest, bringing in more competition for energy projects, mining and mining projects for minerals, is really important. And I just want to say that to you Armenians, it's tough to get that direct foreign investment, but be careful. The Chinese investment always comes with the blessing and approval of the Chinese government. And I think that in Yerevan, you have the means to push for the type of transparency that's necessary to make certain that any investment doesn't come with bad strings.

VEASEY: Please.

KHARATYAN: Just to add to what already has been said, when it comes to promises and deliverables, this year alone, this administration has built more roads than the previous one in the last three, four years – over 300 kilometers of roads, and the quality hopefully should be assured. That's big, in a country that was completely corrupt, where physical infrastructure was so damaged, it was almost impossible to go from one town to another.

Last year, in 2018, it was the first time for the last eight years when we had more people coming into the country than living. We had a very big problem with migration. People were leaving the country for various reasons and now we have a surplus.

Foreign debt. For the first time we started paying off our foreign debt and taking less. In 2018, at least so far, basic salary has been raised probably in the last five years for the first time, 20 percent. I'm just giving you figures of very specific reforms that have already been adopted and done using the state budget. And the number of tourists, if you wish. Again, it's endless. I've never seen Yerevan, Armenia as lively as it used to – as in the last decade or so. I mean, it's a vibrant – it's a happening place, and I'm sure all of us, including our MPs, are inviting you to visit us the sooner the better, to see it with your own eyes.

VEASEY: Sir?

DANIELYAN: Just a couple of sentences regarding the expectations and deliverables. Two-thirds of Armenian citizens are expecting from us, from our government, to resolve economic and social issues. Those are high in the priorities, maybe up three, four out of five.

[For me] personally, as a legislator, democratic reform is number one, and that's why I got into the parliament actually. But we need to recognize that, in the end, it's about economy and the economic performance and social needs of the people. Therefore, for our government to succeed, to be successful in terms of democratic reforms, institutions, but I think it's also very important how the economy will be performing for the next year. And here, that's why I also want to return to the idea from aid to trade, and also the importance of the United States to have a role in this regard.

And building upon the invitation, I want to extend it also as an open invitation to visit Armenia and see the changes and maybe even the upcoming best occasion might be the elections that are going to happen – Nagorno-Karabakh Republic, also known as Artsakh, which are also very important for establishing democratic institutions there. In March, there is going to be elections, both for president and also the parliament, and it was previously a congressman from the United States had visited and observed the elections and the dynamics. I hope we will see also people during this upcoming March.

VEASEY: Thank you very much.

IOANNISIAN: Mr. Chairman, if I may, just two words about elections in Karabakh.

VEASEY: Yes.

IOANNISIAN: Because as a head of an NGO who observed last local elections in Karabakh of around months ago, I should say that this is very important. This is not – if someone is observing those elections, this doesn't mean that this is a recognition of the dependence of Nagorno-Karabakh. But Nagorno-Karabakh is in the OSCE region, and people there should feel the freedoms and rights that anyone in the OSCE region should feel. And they should have a right to elect their government, to have good elections. And I guess the international society should support that.

Thank you very much.

VEASEY: Thank you very much. Well, we have concluded.

I really appreciate everybody's comments and remarks. I know that the other commissioners that were here and also the other members of Congress that were here really enjoyed being able to ask you some questions. Well, this is obviously an area of ongoing concern and observance here in the United States Congress and Armenia, and how the situation there is going. So we appreciate you taking time to come all the way out here, guests that are here. Thank you for your expert testimony, and this hearing is now concluded. (Sounds gavel.)

[Whereupon, at 3:44 p.m., the hearing ended.]