

# The Future of Democracy and State Building in Postconflict Armenia

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Article

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The 2020 conflict between Armenia and Azerbaijan over the disputed territory of Nagorno-Karabakh has major political implications for Armenia. It challenges recent state-building efforts and raises difficult questions about democracy and security in the country. The EU will need to adapt its democracy support and other policies in significant ways to Armenia's new, postconflict context.

## Armenia's Democracy-Security Nexus

Since the breakthrough Velvet Revolution in spring 2018, Armenia's ongoing democratization process has been premised on the security situation in the territory of Nagorno-Karabakh remaining unchanged. Armenian Prime Minister Nikol Pashinyan's rise to power in the wake of peaceful demonstrations was fueled by widespread discontent with the old system of governance, which was characterized by the concentration of power in the hands of the Republican Party, close links between the ruling elite and a handful of oligarchs, and pervasive corruption.

The landslide victory for Pashinyan's My Step Alliance in the December 2018 snap parliamentary election reinforced the prime minister's political legitimacy and confirmed Armenia's huge aspirations to pursue its new, democratic course. However, Pashinyan's legitimacy was also based—if implicitly—on leaving the status quo in Nagorno-Karabakh to focus on domestic reform. The region lies within Azerbaijan's internationally recognized borders yet is populated mainly by Armenians and has been de facto controlled by Yerevan since 1994. The territory's significance for the Armenian authorities is due to the fact that Artsakh—as this area is called in Armenia—holds a pivotal place in the country's identity.

Yet, the 2020 war has traumatized Armenia and ended its direct control of Nagorno-Karabakh. This has drastically changed Armenia's democracy-security nexus. The flare-up of the long-running conflict in late September put the country's young democracy to a severe test. The state of democracy in Armenia deteriorated during the war and in its immediate aftermath.

Armed hostilities resumed at a fragile moment, when the country was working to consolidate the democratization process initiated by the 2018 revolution. For Armenian authorities, the resumption of fighting in Nagorno-Karabakh immediately raised a sense of urgency that collided with the long-term time frame needed for the reforms. In line with his pledge to create a new Armenia, since coming to power, Pashinyan has taken important steps to reform government structures and fight corruption. He has dismissed key figures of the former elite, pressed charges against officials involved in embezzling public finances, and removed some monopolies that formed a pillar of the previous regime. However, many critical reforms—for instance, of the judiciary and the tax system—have yet to be implemented. Pashinyan has been criticized for appointing personal favorites to important judicial posts and dampening critical debate.

Not only did the 2020 war interrupt the reform momentum, it also resulted in shrinking civil space and liberties. On September 27, the Armenian government declared martial law. In a move that was strongly condemned by the Armenian opposition as well as national and international watchdogs, on October 8 the government further restricted media freedom and the freedom of expression by prohibiting any public criticism of state action during the conflict. Those who violated the ban could face heavy fines and prison sentences. Even if most Armenians accepted that some crisis-related restrictions were necessary, there was a widespread feeling that government control and secrecy went too far.

The government lifted major restrictions on rights and freedoms in early December. This only increased the political turmoil triggered by Armenia's military defeat. Under a ceasefire concluded under Russia's auspices, Yerevan lost control of large parts of Nagorno-Karabakh, including the city of Shusha (Shushi in Armenian), and Armenian armed forces had to withdraw from the seven Azerbaijani districts that had been under their control since 1994. In addition, whereas the agreement requires Yerevan to ensure safe transportation links between western Azerbaijan and its Nakhichevan exclave, which are separated by Armenia's Syunik province, Armenia's own connection to Nagorno-Karabakh needs to be guaranteed by Russian peacekeeping forces deployed along the Lachin corridor.

By sealing Armenia's military defeat and the loss of territories perceived as central to its identity, the ceasefire plunged the country into a profound crisis. The truce undermined the government's legitimacy, exacerbated political divisions, and reignited the deep polarization that has characterized Armenian politics for years. For opposition parties, the terms of the ceasefire call into question the position of the prime minister, who was presented as a traitor and whose resignation was repeatedly demanded during the protests that followed the ceasefire agreement.

The political crisis has yet to be resolved. Facing mounting criticism, the prime minister agreed in late December to discuss with the nation's political parties the possibility of an early parliamentary election. Some opponents are also pushing for constitutional reform.

Any solution to the crisis should not only concern the government's future but also involve an in-depth reflection on Armenia's democracy-security nexus. The relationship between the democratization process begun in 2018, on the one hand, and territorial and security considerations after the 2020 conflict, on the other, will have critical implications for Armenia in the medium to long term when it comes to state building and national identity. This debate is especially crucial because the ceasefire stopped armed hostilities but fell short of offering a sustainable solution in Nagorno-Karabakh, not least because the truce agreement did not touch on the future status of the territory.

## EU Inaction and Future Options

Against this background, the EU's future course of action in Armenia will be severely constrained. This is not only because reflections on the country's trajectory are primarily a matter for its own citizens but also because the EU has lost much of its credibility in Armenia by keeping a low profile during the conflict. If anything, both the 2020 war and the Russia-brokered ceasefire demonstrated the EU's weakness in its own neighborhood—a pivotal area for the bloc's external action.

For Armenians, the 2020 conflict exposed the EU's sheer helplessness as a security actor. For many in Armenian civil society, the war also highlighted a major gap between the EU's claim to be a normative actor and its lack of commitment to defend the country's emerging democratic values. The union appeared ambivalent even when talking about supporting a democratizing country at war with an autocracy. Ultimately, this gap fueled a feeling of abandonment in Armenia. A key challenge for the EU, therefore, is to close the gap between its limited security capacities and perhaps unrealistically high expectations.

The relevance of the EU model in Armenia will hinge on the union's engagement in the months to come. After the shift of power in 2018, the EU increased its assistance to the country to €65 million (\$79 million) in 2019. The EU has supported the authorities' reform agenda, in particular in fighting corruption (€14.8 million or \$18 million), reforming the justice sector (€30 million or \$37 million for the first phase), and improving the integrity of the electoral process (€7.5 million or \$9.1 million). The union has also enhanced the protection of human rights in the country through a dedicated human rights budget-support program—the only one of its kind in the EU's external assistance. The EU has expanded support for civil society organizations, including in Armenia's regions. Some new EU support is also linked to humanitarian assistance for people displaced by the conflict, while other funding is related to the coronavirus pandemic.

In the postconflict context, the EU will need to massively step up its engagement in support of the state-building process launched in 2018, along three priorities. First, the EU should further assist the Armenian government in enhancing good governance and the rule of law, including through reforms of the public administration and the judiciary. The EU's decision to disburse €9 million (\$11 million) in grants to support justice reform is a step in this direction.

Second, as economic development is critical for the sustainability of democratic reforms, the EU should further support European investment in Armenia. The Armenian government's steps to attract foreign investment and the forthcoming entry into force of the EU-Armenia Comprehensive and Enhanced Partnership Agreement should make this easier.

Third, the EU should continue to expand existing support for civil society organizations and youth, for example the Eastern Partnership Civil Society Forum, the Youth in Action program, the Erasmus+ student-exchange program, and the Tempus higher-education initiative. The EU could do this specifically by further fostering the participation of civil society and youth organizations—including grassroots bodies in Armenia's regions—in policy dialogues and the monitoring of reforms at all levels, especially the local level. The EU has undertaken initial steps in this respect, for instance by funding a two-year coaching program and grants for eight grassroots organizations.

In delivering assistance aimed at these three priorities, the EU should focus on sharing experiences and offering exposure to EU templates and exchanges of practice, rather than make its support onerously conditional on progress in Armenia's reform process. That is because the former approach is more likely to trigger deep changes in the long term, whereas the latter could backfire.

Finally, the EU should at last demonstrate a political will to engage in a sustainable settlement of the Nagorno-Karabakh conflict and develop a strong vision to that effect. While Russia's strengthened role now presents an additional challenge, this is an important test of the union's credibility in the region. Moreover, successfully supporting democracy will be difficult without influence over the conflict.

## Conclusion

Armenia's partial political opening since 2018 may now be challenged. The country's defeat in the 2020 conflagration with Azerbaijan leaves its government weakened and presents severe difficulties for democratic consolidation. The EU adopted a hands-off and relatively balanced approach to the six-week conflict and did not frame it clearly as an imperative to back an emerging democracy against one of the world's most repressive regimes. In terms of democracy support, the EU now has a lot of lost ground to make up and faces a heightened challenge to prevent Armenia's fragile transition from unraveling.

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