AMERICAN UNIVERSITY OF ARMENIA

THE US AND EU DEMOCRACY PROMOTION IN ARMENIA (1991-2013):

COMPARATIVE ANALYSIS

A MASTER'S ESSAY SUBMITTED TO

THE FACULTY OF THE GRADUATE SCHOOL OF

POLITICAL SCINECE AND INTERNATIONAL AFFAIRS

FOR PARTIAL FULFILMENT OF THE DEGREE OF

MASTER OF ARTS

BY

HOVHANNES GALSTYAN

YEREVAN, ARMENIA

JANUARY 2014

SIGNATURE PAGE

Faculty Advisor   Date

Program Chair   Date

American University of Armenia

January 2014

Acknowledgments

I would like to express my sincere gratitude to the chair of the program in Political Science and International Affairs Dr. Douglas Shumavon for his individual attitude and academic advice as well as to Dr. Khatchig Der Ghougassian for his genuine interest in my viewpoint and academic perspective on the topic.

I would like to thank all faculty members for their advice and creation of healthy and supportive academic environment necessary for successful accomplishment of any academic endeavor.

I owe a special thanks to AUA associate registrar Chaghig Arzrouni-Chahinian for her kind support throughout the entire process of work.

Finally I would like to thank my friend Mariam Matevosyan who has been next to me throughout the whole process of work to question and debate it meanwhile helping to strive for better solutions.

Table of Contents

List of Abbreviations

AAA   Armenian Assembly of America

ABA   American Bar Association

AEECA   Assistance for Europe, Eurasia and Central Asia

AEPLAC   Armenia-European Policy and Legal Advice Centre

ANCA   Armenian National Committee of America

AP   Action Plan

ALSP   Armenian Legislative Strengthening Program

CBC   Black Sea Cross-Border Cooperation

CFSP   Common Foreign and Security Policy

CIB   Comprehensive Institution Building

CSP   Country Strategy Paper

DCFTA   Deep and Comprehensive Trade Agreement

EAGF   European Agricultural Guarantee Fund

EaP   Eastern Partnership

EaPIC   Eastern Partnership Integration and Cooperation

ECHO   European Commission Humanitarian Aid Office

EED   European Endowment for Democracy

EIDHR   European Instrument for Democracy and Human Rights

ENP   European Neighborhood Policy

ENPI   European Neighborhood and Partnership Instrument

EurAsEC   Eurasian Economic Community

FSA   Freedom Support Act

ICCPR   International Covenant on Civil and Political Rights

INOGATE   Interstate Oil and Gas Transportation to Europe

GRECO   Group of States against Corruption

MCA   Millennium Challenge Account

MCC   Millennium Challenge Corporation

NDI   National Democratic Institute

NED   National Endowment for Democracy

NIP   National Indicative Programme

OSCE   Organization for Security and Co-operation in Europe

PCA   Partnership and Cooperation Agreement

TACIS   Technical Assistance for the Commonwealth of Independent States

TAIEX   Technical Assistance and Information Exchange

TRACECA   Transport Corridor Europe-Caucasus-Asia

USAID   US Agency for International Development

Abstract

With the spread of democracy as a constitutive norm, democracy promotion has become one of the most institutionalized practices in the foreign policy agendas of world powers-the US and EU. Despite their normative commitments these actors implemented various strategies of democracy promotion in various regions. This Master's Essay examines the US and EU initiatives in Armenia from 1991 to 2013 from a comparative perspective. The primary sources of analysis include official documents and strategy papers at both bilateral and multilateral levels. Conceptualizing democracy promotion in a broader context of good governance and identifying different targets of influence, the paper looks through the policies and projects implemented by these actors in Armenia and tests how much they are synchronized in this particular region.

Introduction

Undoubtedly, in the last century democracy has proved to be the best and most ideal system of government in terms of fundamental rights, institutions, accountability, political competition, welfare and stability, etc. Moreover, in the post-Cold War era democratic values have become more acceptable throughout the world turning them into a constitutive norm. The waves of democratizations over the last two decades of the twentieth century confirmed the need for establishing a broad range of institutionalized policies and initiatives to promote these values. Thus, besides being a mere foreign policy goal, the promotion of democracy has turned into an international norm. Democracy is advanced worldwide not only by the efforts of governments but also through different international and transnational networks. Nevertheless, in terms of integrity of these initiatives and policies, the US and the EU are arguably the most active international actors promoting democracy and good governance elsewhere in the world.

After the collapse of the Soviet Union both the US and the EU were quick to respond to the problems of the newly established independent states of the South Caucasus and to ensure their transition in democracy, market economy and statehood. In the early 1990s this region was not perceived as an important geopolitical player, and their engagement was mainly aimed at providing humanitarian assistance and supporting market economy reform and privatization. A broader and more coherent framework of cooperation was put on the agenda in the late 1990s when it became obvious that democratic consolidation was at stake in this conflict-frozen region without consistent and institutionalized policies of democracy promotion.

However, from a comparative perspective, their strategies of democracy promotion do not necessarily coincide. Historically, the US has been perceived as a hard power which uses more rigid instruments to export democracy ranging from sanctions to use of force, whereas the EU

has been called a soft or 'normative' power which chooses more cooperative tools such as capacity building and persuasion through conditionality (Börzel and Risse 2009). It is also argued that the US policies are more ad hoc and based on a narrow definition of democracy, while the EU approach is systematic and refers to a broader understanding of democracy (Carothers 2009a). Furthermore, this transatlantic divide is explained by the fact that the US is inclined to promote democracy through non-state actors and civil society rather than through governments, whereas the European approach is more state-oriented.

This Master's Essay examines democracy promotion of the EU and US in Armenia since independence from a comparative perspective. Conceptualizing promotion of democracy and good governance in broader terms and including into this concept both the minimalist (political institutions) and maximalist (human rights and other liberties) understanding of democracy, the paper looks through the main democratic initiatives of these two prominent promoters in Armenia since 1991 to 2013.

The first chapter discusses the US engagement in Armenia since the very first stage of transition. It briefly covers the main policies and projects of democracy promotion in Armenia- from the FREEDOM Support Act to the Millennium Challenge- through different channels such as the Armenian Government, local governments, and nongovernmental organizations. The second chapter goes through the evolution of the EU approach and its main policies in Armenia from roughly humanitarian TACIS to more sophisticated tools of cooperation.[1] And finally the last chapter analyses the main similarities and differences of these two approaches based on a specific theoretical framework, and tests the validity of the above mentioned arguments.

---

[1] The latest framework-the Association Agreements-was not however signed by Armenia at the third Eastern Partnership Summit in Vilnius on November 28-29, 2013.

Literature Review

Democracy Promotion: Historical Overview

> *Both the EU and the US want to increase the number of democracies around the world. We may bring somewhat different approaches to the table and use different language. But human rights, good governance and the rule of law go hand-in-hand with democracy and freedom. As long as our respective strategies reinforce each other-and they do-this pluralism in promoting democracy is a source of strength.*

> (Javier Solana, former Secretary-General of the Council of the European Union)

After the Cold War and the third wave of democratization democracy promotion became one of the most institutionalized practices of foreign policy outside the transatlantic community. Compared to previous decades, major international actors used different channels-from pressing diplomacy to building institutions and organizations in favor of democratic transition around the world (Diamond 2008, 314). Though at the first stages democracy promotion was mainly focused on economic development (McFaul 2004-2005, 155) in the early 1990s it was clear that democracy promotion must rather be viewed as a long-run, more complex and dynamic process; moreover, political experimentations of Western countries common in the post-Cold War era were proven to be more fruitless and destabilizing rather than efficient (Whitehead 2004, 141). Thus, democratic assistance, despite the relative ups and downs over the last two decades, through various channels and under various titles has become a new constitutive norm, and the spending on it on both sides of the Atlantic has grown substantially (Magen and McFaul 2009, 4).

There are various explanations how the phenomenon of democracy promotion turned into a successful tool and produced shared support in both Europe and America. For instance, Magen and McFaul besides security distinguish three important factors (2009. 5-11). Democracy's rise as ideal political system since 1980s is probably the most important factor. In fact, collapse of ideological barriers made the strategies of democracy promotion less aggressive and more dynamic. Moreover, over the past decades the role of the international organizations became important; they became not only more active but deployed a wide range of instruments to promote democracy and good governance. From a historical perspective, various scholars especially emphasize their role in the democratic transition of Central and Eastern Europe (Linden 2002). A second factor is that Europeans and Americans understood gradually that democratic assistance is nothing without protection of human rights. Similarly, the active engagement of various international actors such as ICCPR Human Rights Committee, Human Rights Watch or Amnesty International, and the drafting of monitoring mechanisms since the 1990s were essential. Both the US and EU included human rights in their foreign agendas, and all the major agreements with third countries concerning democracy promotion emphasized the importance of human rights protection (Babayan and Huber 2013, 2). And a third one is the theoretically positive relationship-empirically not always strong-between democracy and economic development, a hypothesis already offered more than thirty years ago by Seymour Lipset.[2] Eventually, all these factors constituted a consensual basis that united all the major international actors promoting democracy. Although there is a wide range of players the US and

---

[2] Nevertheless, the relationship between economic development and democratic change is quite ambiguous if one does not consider regime types, institutions or rule of law. How can one explain, for instance, the economic prosperity of such non-democratic countries as Singapore or Taiwan? The so-called Washington Consensus was also criticized for this reason. After the mid-1990s various scholars bring up new, empirically supported arguments to show that mainly democratic regimes can encourage economic development in the long-run (Magen and McFaul 2009, 8-9).

EU are historically the most prominent ones. Indeed, the US throughout its history of democracy promotion, no matter how effective tools were used, emphasized the linkage between the spread of democracy and its national interests (Monten 2005, Lennon et al 2009). And as Fukuyama and McFaul put it, "no country in the world has benefited more from the worldwide advance of democracy than the United States" (2007, 24). Although compared to the US the EU is relatively a newcomer, the European Security Strategy explicitly highlights the spreading of good governance and rule of law as strategic interests (Council of the European Union 2003). Moreover, one of the new initiatives of the EU-European Endowment for Democracy (EED)- aims to "foster and encourage democratization and deep and sustainable democracy in transition countries" (Council of the European Union 2011).

Nevertheless, despite their normative commitments to democracy and democratic values the American and European approaches to democracy promotion are not always the same. Obviously, on the one hand these differences can be explained by a simple reasoning that the US despite the oftentimes lack of coordination among its various agencies, is a state that has a more or less unitary approach, whereas the EU is not a state and depends on a multi-level governance system which implies that member-states can pursue their own foreign policies (Risse 2009, 247). On the other hand, the Europeans are more inclined to favor engagement and integration whereas the Americans have more uncompromising approaches especially when it comes to difficult countries such as Iran, Iraq or Cuba. In this sense, the EU is seen mainly as a normative power (Manners 2002), while the US is viewed as a power that is ready to use force for the sake of democratic values (Babayan 2010, 15). Another probable difference lies in understanding of democracy by the European and American actors.

Carothers (2009a) discusses the strategic diversification of democracy promotion and distinguishes two broad approaches: developmental and political. While the latter is a narrower approach emphasizing mainly the basic political and civil rights (elections and political liberties), and thus directing its aid mainly on core political processes or institutions, the former is based on a broader concept of democracy (beyond political) including issues like welfare, equality and justice thus valuing democracy as a factor that contributes in the larger process of national development and using indirect methods to support democracy. According to this categorization, European promoters are more inclined to favor the developmental approach, while Americans try to use both approaches. Similarly, Kopstein (2006) examining European and American strategies in Eastern Europe, identifies American democracy promotion mainly as a bottom-up strategy through grassroots, civil society, and mass mobilization, whereas the European approach is viewed as elite-driven and top-down. This supports the arguments brought up by other scholars showing EU's grand project in this region (Vachudova 2005, 82-104). Arguably the fact that EU is still more active than the U.S in encouraging integration as an important tool to promote democracy through good governance is one of the major differences of the two strategies (Risse 2009, 250).

Despite the transatlantic divide over conceptualization and strategies of democracy promotion the disparity between two approaches becomes more elusive (Carothers 2009b). Börzel and Risse (2009) go further to unpack the myth which views the U.S as an actor implementing coercive strategies and the EU using only cooperative tools. They use the main institutional tools by which an external promoter tries to promote change in targeted domestic systems. Magen and McFaul differentiate four categories (2009, 11-15): control or in other words-use of force and coercion, material incentives-from punitive measure to positive rewards

(such as ex ante and ex post conditionality), normative persuasion,[3]and capacity-building. They go through the European instruments and policies of democracy promotion[4] over the past two decades implemented in various regions from African, Caribbean and Pacific Group nations to Central and Western European countries claiming that the EU's toolbox of democracy promotion contains strategies that are not necessarily developmental. From this perspective, using the metaphor of Robert Kagan, the authors conclude that "Venus Europe" is approaching "Mars America." Schimmelfennig (2010), using a similar framework, examines the EU's promotion of good governance in places ranging from its neighborhood to the distant regions of Sub-Saharan Africa. Similarly, he shows that the EU is not necessarily a normative power which uses positive conditionality or opts for softness concluding that these methods and their impacts are different depending on the region.

To investigate how democracy promoters adapt their strategies to the local context, Hüllen and Stahn (2009) distinguish between cooperative and conflictual approaches. Implying the same analytical framework and using paired case study comparisons of the EU's and US's democracy promotion in four authoritarian and semi-authoritarian countries in North Africa and Central Europe the authors reveal that the internal political context mattered a lot when European and American actors adopted their strategies. Besides, they found conspicuous similarities of American and European approaches in all four cases. The research also states that although the U.S is not more systematic and rigid in its support for civil society and NGOs, and thus more inclined to change different instruments and pathways (e.g. in Ukraine) than the EU, the cooperative engagement still remains the preferable option for both of these actors.

---

[3] The normative persuasion implies that the impact of democracy promotion can be evaluated beyond the material cost-benefit analysis as well. According to this constructivist approach, new interests are the product of social learning and interactions between social structures and agents (Johnston 2001, Checkel 2001).

[4] Such as EU policies for promotion of human rights, development policy (trade agreements and financial aid), enlargement policy, neighborhood policy

Nevertheless, in difficult regions both the U.S and the EU employ moderate cooperative strategies and are reluctant to use stricter approaches of democracy promotion preferring political stability rather than rapid democratic change. The greater the 'Europeanness' of countries, the greater the promoters' expectations regarding the political developments. This dilemma is examined by Börzel, Pamuk and Stahn (2009) in their comparative analysis of the EU and US engagement in two countries of South Caucasus (Georgia and Azerbaijan). Identifying the same four types of good governance as Schimmelfennig (2010) and two different channels of influence-intergovernmental and transnational-the authors argue that given the weak statehood of these countries both the U.S and EU use the effective government strategy which is mainly aimed at administrative issues of good governance through intergovernmental interaction. Thoroughly studying the U.S and EU policies in two countries they claim however that although both actors try to strengthen state institutions, the U.S places more emphasis on democratic governance targeting societal and non-state actors whereas the EU is more state-centered in its aim to improve democratic governance.

Democracy Promotion: Definitional Overview

Despite the fact that the practices generally labeled as democracy promotion do not diverge a lot in terms of theoretical and practical understanding (Babayan 2010, 4) one should start with examining the conceptualization of democracy. The latter is generally viewed as a complex and multifaceted concept, and there is still an ongoing debate over it. However, for the purposes of this essay, two general approaches to democracy are distinguished: minimalist and maximalist.

The minimalist understanding of democracy was firstly formulated by Schumpeter (1942) which argues that the central procedure of democracy is the formation of government through competitive elections. Huntington, another prominent scholar of the Schumpeterian tradition,

defines democracy as a system where "the most powerful collective decision makers are selected through fair, honest, and periodic elections in which candidates freely compete for votes and in which virtually all the adult population is eligible to vote." (1991,7). In other words, this perspective mainly views democracy as a political method to choose politicians (Silander 2005, 27). Although certain aspects of the minimalist understanding of democracy was accepted by many scholars it is also criticized for ignoring other civil rights and freedoms including issues like accountability of rulers (Schmitter and Karl 1991). At the end of the day, the minimalist definition cannot properly explain the current problems democracy faces today. Obviously, it would be hard for instance to call democratic the current regimes of many post-Soviet countries where the institutions of presidential and parliamentary are more or less established but there are human rights violations or civil society is too weak.

The maximalist perspective mainly criticizes the minimalistic one for too much emphasis on elections thus ignoring civil rights and liberties. It includes economic and social variables as well dealing with such phenomena as human rights, social and economic justice as well as "broad popular participation in decision making at all levels of politics" (Collier and Levitsky 1996, 8). However, this approach is criticized first of all for overburdening the concept of democracy and making it useless in empirical research (Munck and Verkuilen 2002, 9).

Both the minimalist and the maximalist perspectives influenced the conceptualization of democracy promotion. Although the huge part of the scholarly literature on democracy promotion is mainly empirical and shows practitioners' instruments or approaches in different regions some scholars concentrate on theoretical framework and conceptualization. One of the best definitions of democracy promotion was suggested by Schmitter and Brouwer (1999). They define it as "overt and voluntary activities adopted, supported, and (directly or indirectly)

implemented by (public or private) foreign actors explicitly designed to contribute to the political liberalization of autocratic regimes, or consolidation of democracy in specific recipient countries" (1999, 9). Although, according to authors, this definition excludes such minor issues as e.g. secret services' activities or literacy campaigns, it avoids the shortcomings and traps of both the minimalist and maximalist conceptualizations of democracy. Moreover, this definition includes a huge variety of activities ranging from sanctions and diplomatic pressure to activities encouraging the observance of human rights and civil norms (1999, 10).

Theoretical Framework

In recent studies of democracy promotion the latter is primarily associated with good governance (Magen 2004-2005, Carothers 2004). On the one hand this notion concerns state institutions and is be related to developmental approach. On the other, it can be viewed as a wider concept encompassing both political institutions (minimalist definition) and issues like human rights and other liberties (maximalist definition).

This paper uses the theoretical framework suggested by Borzel et al (2007, 2009). In this case, good governance is conceptualized from a broader perspective including both the developmental and political elements. It also introduces the concept of legitimacy previously formulated by Fritz Scharpf (1999) by distinguishing between input and output legitimacies. The latter corresponds to the narrow understanding of good governance, and the former to the wider (political) one. In other words, output-oriented promotion focuses mainly on strengthening the government and its administration. It targets mainly state institutions also engaging non-state actors. Input-oriented promotion pressures the state to create and support a public sphere. As Borzel et al put it, "output legitimacy refers to the extent to which the effects of political decisions are perceived to be in the interest of the people," whereas "input legitimacy, by

contrast, requires political decisions to correspond to the preferences of the people" (2009, 152-153).

Although the targets of democracy promotion are categorized differently by different scholars[5]this paper uses Schimmelfennig's (2010) wider approach by distinguishing them into intergovernmental (state actors) and transnational channels (non-state actors).

Thus, putting democracy promotion into a broader context of good governance and identifying two major targets of influence this research aims to compare the EU's and US's policies in Armenia (1991-2013).

Methodology

This research mainly uses comparative analysis methodology. The primary sources of analysis are the official documents-bilateral agreements between countries as well as strategy papers, national indicative programs, progress reports. Other sources for further analysis include books, handbooks, journal articles, speeches, announcements as well as media and internet resources.

Research questions

This paper will answer to the following research questions.

Research Questions#1-2: What policies and projects were implemented by the US in Armenia since independence to promote democracy and democratic governance? What policies and projects were implemented by the EU in Armenia since independence to promote democracy and democratic governance?

---

[5] E.g. Schmitter and Brouwer distinguish four levels: citizens, civil society, political society and state institutions (1999, 15-16). Carothers reduces them into three categories: electoral process, state institutions and civil society (1999, 335).

Research Questions#3-4: Who are the main targets of the US democracy promotion in Armenia? Who are the main targets of the EU democracy promotion in Armenia?

The paper will also test the following hypothesis.

Hypothesis#1: Despite using similar approaches of democracy promotion and good governance the US concentrates more on the transnational channel whereas the EU uses mainly the intergovernmental one.

The US Approach

> *...Foreign assistance is not only a charitable endeavor, but also an exercise in enlightened self-interest and promotion of democracy-not some idealistic crusade, but rather quintessentially an exercise in realpolitik. Nothing better serves the interests of this country-economic, political, or ideological-than the promotion of democratic practices and institutions. A more democratic world is not simply a more orderly and humane place: It is a more peaceful and prosperous place.*
>
> (Kenneth Wollack, President of the National Democratic Institute)

The end of the Soviet era was not only a dramatic change in the bipolar world order but also an opportunity of democratic transition for all the post-socialist and post-Soviet countries. After the collapse of the Berlin Wall and at the eve of a new wave of democratization in Central and Eastern Europe the enthusiasm of world leaders towards this new shift was limitless. The latter was expressed vividly in the historical address of George H. W. Bush before Congress in 1989 stating that "never before in this century have our values of freedom, democracy, and economic opportunity been such a powerful and intellectual force around the globe," and thus calling to contribute more actively to the democratic consolidation in transition countries (Bush 1989).

Nevertheless, a regime change from authoritarianism in post-Soviet countries was not that quick and smooth. The scenario described by O'Donnell and Schmitter (1986) and explained as a pact between soft line elements of the old regime and new leaders while distributing power did not happen in the newly independent states, especially in the conflict-frozen region of South Caucasus. Although the first elections in the newly born republics of Armenia, Georgia and Azerbaijan were more or less democratic and clearly expressed the public will against communism, the territorial conflicts became, arguably, the most crucial factor to disrupt the initial wave of consolidation (McFaul 2006, 43). However, the US still remains one the most active democracy promoter in these countries since their independence as a provider of mainly humanitarian aid at the first stage, and then as player with institutionalized policies. This chapter examines the US engagement in Armenia since the beginning of the transition period as an agent of change and covers its policies and projects implemented by the US in Armenia. It looks through the bilateral relations between Armenia and the US concerning primarily the sphere of good governance, promotion of human rights and the rule of law through different targets such as the Government of Armenia, local governments, and a range of nongovernmental civil society organizations.

Though the first US humanitarian assistance came to Armenia before its independence immediately following the earthquake in 1988 and the events in Nagorno-Karabakh, official diplomatic relations between two countries were established after the US recognized the independence of Armenia on December 25, 1991 (Mirzoyan 2010, 137). The following year President George W.H. Bush signed the *Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act,* commonly known as *FREEDOM Support Act* (FSA) which became of the major legal documents regulating the US assistance to the former

Soviet republics.[6] Besides security issues the FSA was intended to help the newly established countries to cope with the difficult transition from communism to market-based democracies. (Rosenblum 2012). At that stage Armenia became one of the countries receiving the highest per capita levels of assistance worldwide (USAID 2009). This success is explained primarily as an effective outcome of active Armenian lobbying campaign in the US.[7] Moreover, due to this campaign, the US imposed Section 907 of FSA, a provision prohibiting US to Azerbaijan until the latter takes responsible steps "to cease the blockade and other uses of offensive force against Armenia and Nagorno-Karabakh" (Mirzoyan 2009, 141).[8] The US foreign aid during the period 1992-1995 was mainly humanitarian as an immediate response to the needs of the impoverished population. The huge part of the budget was directed mainly to the provision of heating fuel, food, medicine and clothing. The percentage of humanitarian aid was reduced into its minimum when the process of privatization was finished, and the US started to focus on development programs and democratic, economic and energy reform. During the period 1992-1998, Armenia received a total of 750 million dollars in humanitarian aid (USAID 2009).

Since 1992 the United States Agency for International (USAID), one of the most important agencies of democracy promotion worldwide, was authorized by the FSA and charged by the United States Government (USG) to implement a broad range of development programs thus shifting from a mere humanitarian assistance to economic, political and social issues. Since the late 1990s the USAID is engaged in various fields such as private sector development, social sector development, agriculture, energy sector reform, healthcare, education, civil society and media, etc. Between 1996 and 1998 the main emphasis was the private sector program aimed

---

[6] Later in 2009 the FSA funds were merged with another one and recalled to Assistance to Europe, Eurasia and Central Asia(AEECA)

[7] Historically, two groups of the Armenian Diaspora played an enormous role: Armenian Assembly of America (AAA) and Armenian National Committee of America (ANCA) (Mirzoyan 2012, 140).

[8] This provision was repealed only in 2001

first of all at fulfillment of the privatization process and second, the development of a robust business sector (USAID 2002). This program also included the elaboration of an institutional framework necessary for the development of competitive market economy such as commercial legal and regulatory reforms, tax and customs reforms, etc. In 1996 together with the American Bar Association Rule of Law Initiative (ABA ROLI) the USAID implemented the first rule of law project in four main areas: judicial reform, legal profession reform, legal education reform and human rights. Among other things the adoption of the Judicial Code of Conduct became one of the most important achievements of this initiative (USAID 2012a, i). Besides, together with the Venice Commission the USAID successfully provided assistance to drafting the first constitution of Armenia.

Although during the early and mid-1990s the US programs of technical assistance encouraged the development of political parties, independent media as well as local civil society organizations through various grants, the turn to a more institutionalized project of democracy promotion took place in the late-1990s, a period when the enthusiasm towards the democratic transition and democratic institutions was waning due to such different factors as low living standards, poor economic growth, widespread corruption. The assassination of the Prime Minister and several key politicians in the parliament in October 1999 severed this process.

One of the major components of the USAID-Democracy and Good Governance Program-began in 1996. This new shift was aimed first of all at a) supporting initiatives using both the transnational and intergovernmental channels to increase citizen's understanding of their rights and responsibilities, b) improving the quality of independent media outlets, c) strengthening the legal framework for decentralization, d) ensuring the independent legal system, and e) improving

the electoral and parliamentary procedures as well as increasing the citizen's participation to this process.

Specifically, in 1998 the USAID assisted to draft the new Armenian Civil Code which encouraged new free-market activities as well as guaranteeing individual property rights. With regard to the electoral reforms, the USAID played a key role in drafting the Universal Electoral Code in 1999. Besides, the democratic governance program also contributed much to the creation of the first independent judicial association, a kind of national NGO whose primary function is to protect and promote the independence of the courts (USAID 2002, 20).

In 1999 the USG revisiting its policies in South Caucasus and Central Asia together with the FSA elaborated a new legal framework of democratic assistance-the Silk Road Strategy-for advancing liberal democracy and encouraging market economies and investment climate in 12 post-Soviet countries. As one of the scholars notes, in geopolitical terms, one of the objectives was to erase this region's affiliation with Russia by "removing the 'former Soviet' label and replacing it with a historical concept (Silk Road) that had no Russian connection" (Mirzoyan 2009, 149). It stated, for instance, that the US policy of democratic assistance "should be narrowly targeted to support the economic and political independence as well as democracy building, free market policies, human rights" (US Congress 1999). Moreover, a whole section was devoted to the issues of democratic institutions building emphasizing among other practices the assistance for the programs strengthening parliamentary institutions and practices, for the development of NGOs and independent media, assistance for the development of the rule of law, and a strong independent judiciary as well as for the development of civil and political rights. Interestingly enough, for the first time the US introduced a kind of negative conditionality in this new framework (Vasilyan 2009, 4). One of the provisions reads that "assistance may not be

provided under this chapter to a country unless the President certifies to the appropriate congressional committees that elections held in that country are free and fair and are free of substantial criticism by the Organization for Security and Cooperation in Europe and other appropriate international organizations."

One of the important projects of democratic programs in the beginning of the 2000s was the introduction of the Armenia Legislative Strengthening Program (ALSP), specially designed to provide technical assistance to the National Assembly of Armenia by supporting the legislative process and improving assembly's systems for constituency relations (USAID 2004). Since 2000 under the Democracy and Democratic Government Program a new initiative was launched aimed at the development of local governments and encouraging greater decentralization (US Department of State, 2001, 2002). Between 1996 and 2001, the overall budget of the USAID Democracy Program was approximately 43 million dollars.

During the period 2001-2005 besides following the main directions and objectives articulated in the Silk Road Strategy Act, the US focused its priority interests to such issues as anti-corruption, legislative strengthening, local governments, rule of law, independent media and civic participation. Despite the highly controversial presidential and parliamentary elections the US did not use negative conditionality and continued its strategy of primarily output-oriented democracy promotion through both transnational and intergovernmental cannels. One of the exemplary projects of democratic governance was the further encouragement of the advocacy NGOs to foster citizen participation at the grass-root level (US Department of State 2005). From the midpoint of the first decade in the 21st century however, the US began to combine top-down governance with bottom-up civil society programs. The priorities included assisting electoral reforms, developing political parties, increasing voter participation, and supporting election

monitoring. The overall budget of the USAID democratic program from 2003 to 2006 was approximately 76 million dollars.

In 2004 the US launched a new strategy of democracy promotion in South Caucasus-the Millennium Challenge Account (MCA) functioning in parallel with USAID. It is being administered by Millennium Challenge Corporation (MCC). The establishment of the MCA was a clear indication that the US puts great emphasis on the promotion of effective government as well. It was based on the idea that foreign assistance is ineffective without better governance (Girod et al 2009, 68). Compared to the USAID, the MCA rewards countries that have reached certain levels of democratization by using clear criteria and indicators. According to these criteria, a candidate country is eligible if it is committed to principles of good governance, economic freedom and investing in people (US Congress 2003). In 2006 the US, recognizing that Armenia's democratic and economic progress correspond to the criteria, signed a five year MCC Compact with the Government of Armenia. Armenia received 235.65 million dollars primarily aimed at reducing rural poverty "through a sustainable increase in the economic performance of the agricultural sector in Armenia" (MCC 2006, 1). Like the Silk Road Strategy the MCA uses negative conditionality though more explicitly articulated. One of factors highlighted in the compact states that the latter will be suspended if "The Government or any Permitted Designee has engaged in a pattern of actions or omissions inconsistent with the MCA Eligibility Criteria, or there has occurred a significant decline in the performance of the Republic of Armenia on one or more of the eligibility indicators contained therein" (MCC 2006, 20). This was the principal reason that in 2009 the MCC cancelled its 67 million dollars funding in road building because of the halted democratization after the 2008 disputed presidential elections (Nichol 2013, 43).

Although due to geopolitical developments in South Caucasus late in the first decade of the 21st century, the US puts a huge emphasis on security issues and prefers political stability in the region, its engagement as a promoter of democratic values remained active. The priorities still remained the strengthening of grass-root civil participation, increasing the effectiveness of the justice sector, fighting corruption and promoting democratic political processes (US Department of State 2008, 2009, 2010).

While the prospect of the MCA projects in Armenia is uncertain USAID still remains of the most important tools of US engagement in Armenia. According to the USAID Strategy on Democracy, Human Rights and Governance, one of its strategic goals remains the promotion of participatory, representative and inclusive political processes and government institutions, fostering their accountability as well as the protection of human rights (USAID 2013, 14). Based on these principles, currently the USAID democracy program implements the following projects and activities (USAID 2012b)

- *Civil Society and Local Government Support Program (CLSGP)*-which aims at increasing the level of informed civil activism at both the local and national levels. The main objective is mainly the collaboration of local governments and civil society.

- *Rule of Law Development Program*- a more output-oriented project which is designed primarily to increase the judiciary's knowledge of the European Court of Human Rights (ECHR) through ABA ROLI.

- *Alternative Resources in Media (ARM)*- a project encouraging the production and dissemination of alternative content. It also promotes media literacy and critical analysis

- *Election Process Support Program*- aimed at assisting Armenian electoral institutions, improving voter registration system as well as changing Armenian 'election culture.'

- *Political Process Development in Armenia Program*-an output-oriented initiative which aims at party building and developing civic advocacy using primarily transnational channel and the bottom-up principle.

- *Support to the National Assembly Program (SANAP)*-an output-oriented tool which works with different committees of the parliament to improve legislative procedures, support institutional checks and balances and advance accountability.

- *Access to Information for Community Involvement Program*- which main objective is the training of government officials and civic groups on the issues of freedom of information thus also encouraging publication of government-held information.

The EU Approach

… I believe that when we are financing democracy beyond our borders we are not only defending our values and promoting these values but we are also defending our interests. By investing in democracy of our neighbors, we are investing in their openness. Their development. Their long term stability. And from a European perspective, we reduce the costs of social problems, the risk of wars, the risk of political or religious radicalization. The return on investing in democracy comes in the form of a peace dividend.

(José Manuel Barroso, President of the European Commission)

Historically, until the late 1980s the EU democracy initiatives abroad were limited. The promotion itself related mainly to the trade agreements and financial aid to the former colonies of the member states (Börzel and Risse 2009). Obviously, compared to the US, the EU was still emerging as a political and security player in the region. Moreover, it took time to shift the

27

development policies to institutionalized strategies including democracy, good governance and rule of law as major principles. Similarly, throughout the first half of the 1990s the EU played minor role in the South Caucasus. Though after the collapse of the Soviet Union the EU recognized quickly the independence of Armenia, Georgia, and Azerbaijan and sent its missions to these countries, it did not engage with this region in a coordinated way until the late 1990s (Halbach 2011, Cornell and Starr 2006). On the one hand, the EU was much more engaged in the democratic transformation of its immediate neighbors-countries of East and Central Europe. On the other, the foreign policy agenda of the EU became more coherent in terms of institutional framework after the introduction of a new post-the High Representative for Common Foreign and Security Policy (CFSP)- by the Treaty of Amsterdam in 1999 (Popescu 2011,318). Nevertheless, during the late 1990s the EU changed its policy significantly: from stimulating capacity-building at the first stages to introducing more sophisticated ways of cooperation and partnership. Although Armenia decided to join the EurAsEC Custom Union early September 2013 and the prospect of association-a broader cooperation between the EU and Armenia-does not loom on the horizon anymore, the EU, like the US, still remains one of the active democracy promoters in the region. This chapter examines the EU engagement in Armenia from independence to today covering the evolution of its main policies and tools of promoting good governance. The chapter looks through the main documents and policy definitions underlying the EU-Armenia bilateral relations primarily from the perspective of democracy, human rights and the rule of law.

Officially, the EU formalized its relations with Armenia in 1991 through humanitarian aid programs. The major one-Technical Assistance to the Commonwealth of Independent States

(TACIS)- was launched immediately after Armenian independence.[9] At the first stage, TACIS was expected to meet the problems of poor social-economic conditions of the recipient countries and help them to overcome the so-called 'triple transition' in democracy, market and statehood (Borzel et al 2009). Until 1998 TACIS targeted mainly governmental institutions (such as the Central Bank, and national ministries) and focused on such issues as development of financial and capital markets, agriculture, transport, energy, and privatization.

The next step of the further formalization of relations was the introduction of the Partnership and Cooperation Agreement (PCA) which was signed in 1996, but entered into force in 1999. This new framework extended areas of cooperation including nearly all the spheres of relations with the exception of defense issues. In general, this format of cooperation was based on the principles established by the Organization for Security and Cooperation in Europe (OSCE) .Like TACIS, the PCA was designed simultaneously for the three republics of South Caucasus with minor differences. The PCA with Armenia set such broad objectives as providing an appropriate framework of political dialogue with the EU, supporting Armenia's democratic consolidation, developing and completing its transition into a market economy as well as encouraging trade and investment and providing a basis for legislative, economic, social cooperation (EC 1996). Thus, the EU for the first time established the instrument of political dialogue as well as implicitly mentioned the conditionality criteria. For these objectives three institutions were created: a) the *Cooperation Council*-the supreme body that supervises the implementation of the PCA. It consists of members of the Commissions of the European Communities, and of members of the Armenian Government (Article 78), b) the *Cooperation Committee*-an assisting institution of the Cooperation Council with the same parties at the level of senior servants (Article 80), and c) the

---

[9] Other instruments included European Commission Humanitarian Aid Office (ECHO), European Agricultural Guarantee Fund (EAGF), the Food Security Programme, the Nuclear Safety Programme (EGEVAL 2006, 1).

Parliamentary Cooperation Committee-an institution established to exchange the information within those two institutions and give recommendations. It consists of the members of the European Parliament and the National Assembly of Armenia (Article 83). In practice, this institution principally was used as a tool of praising Armenia's commitments (Vasilyan 2009,6). Nevertheless, despite the introduction of political dialogue and conditionality, the PCA remained primarily an output-related project and technical assistance was provided only through the intergovernmental channel.

A major shift has been taken place in the EU's approach in the region since the beginning of 2000s. The EU's General Affairs Council expressed its willingness to play a more active role in the region and make efforts "to prevent and resolve conflicts as well as in post conflict rehabilitation in the region" (General Affairs Council 2001). Two years later, the EU Council established a new post-EU Special Representative for the South Caucasus- whose primary function was the development of a comprehensive policy towards this region This shift was explained first of all by the fact that there was very little progress towards democratic consolidation especially in the presence of unsettled conflicts in the region, including the Nagorno-Karabakh issue (Lynch 2003, 183). Just after the decision to further the relations, the Commission adopted a new strategic document for the TACIS program-a Country Strategy Paper (CSP)-for Armenia, Azerbaijan, and Georgia separately for the period of 2002-2006. Pointing out the problems concerning Armenia's commitments to the PCA objectives, the CSP document for Armenia however emphasized the EU's willingness "to continue the work on the implementation of the PCA with a focus on approximation of legislation and reforms" and "to contribute to creating the conditions and improving the poor living conditions over longer term" (European Commission 2001, 4). Specifically for the assistance of legal approximation, the EU

supported the creation of the Armenian European Policy and Legal Advice Centre (AEPLAC) to help the Armenian Government to approximate its laws to *Acquis Communautaire*. As it comes to a specific conditionality, the CSP pointed out the Medzamor Nuclear Power Plant. Its closure will be viewed as a commitment in the further implementation of the TACIS program (European Commission 2001, 23).

Despite these developments, the EU still put strong emphasis on promoting capacity-building through the state actors. The issues of civil society and human rights were put on the agenda only in the National Indicative Programme (NIP) for the period 2004-2006. Taking into account that the Armenian Government could not improve the private sector and good governance, this new document took a stronger stance on promoting these issues through non state actors as well. Among other objectives, the NIP outlined a "better awareness among Armenian civil society concerning values and principles underpinning PCA, securing their inputs in related reforms and monitoring implementation" (European Commission 2003, 7). Overall, during the period of 1991-2006, Armenia received approximately 386 million Euro of financial assistance (including TACIS). (Borzel et al 2008, 21)

Thus, until the mid-2000s despite its willingness to cooperate more in the region, the EU did not offer differentiated policies to each of the countries of the South Caucasus using solely what some scholars call a "one size fits all" approach (Borzel et al 2008). The EU signed the PCAs with Armenia, Azerbaijan, and Georgia in 1999, coordinated their implementation simultaneously by an EU Delegation in Tbilisi responsible for dealing with the three states.[10] Though the documents included the mechanism of conditionality, the assistance was directed to capacity-building through government agents. The next shift of the EU approach towards this region took place in 2004, when the General Affairs Council offered Armenia, Azerbaijan and

---

[10] A full-fledged EU Delegation in Armenia was opened in 2008

Georgia to participate in a new grand project-the European Neighborhood Policy (ENP) based on the principles of partnership, joint ownership and differentiation (Freire and Simau 2008, 233).[11] From a geopolitical perspective, one of the explaining reasons of this shift, beside security concerns, was the 'Rose Revolution' in Georgia (Ghazaryan 2010, 230). In the ENP Strategy Paper, with regard to the South Caucasus, the EU expressed its wish "to see reinforced, credible and sustained commitment towards democracy, the rule of law, respect for human rights, and progress towards the development of market economy," and in order to help these state to prepare for further cooperation "the EU stands ready to support credible, concrete and sustained reform efforts, in particular in the above mentioned priority areas, by additional means of assistance" (European Commission 2004, 11).

Before the introduction of the ENP in Armenia, the EU through a country report raised its concerns about the serious problems still prevailing in the sphere of good governance, particularly corruption. The report stated that although Armenia joined the Group of States against Corruption (GRECO), the Armenian Government does not fully meet international standard on this issue (European Commission 2005, 8). Based on this, in 2006 the EU offered an intensification of bilateral relations with Armenia through the institutional core of the ENP-jointly agreed Action Plan (ENP AP). It was adopted by the Cooperation Council. The AP was supposed to provide guidelines for action for a five year period and to be periodically reviewed in progress reports. The EU/Armenia AP first of all offered to go beyond mere cooperation involving "a significant measure of economic integration" and deepening political cooperation (European Commission 2006, 1). The priority areas are extended. In terms of democratic structures and the rule of law, the major emphasis is put on the better separation of powers,

---

[11] Joint ownership assumes that the priorities are agreed rather than imposed on partners, whereas the differentiation assumes that the agreed priorities with each partner depend on the particular circumstances of a given country.

electoral framework (ensuring its full compliance with OSCE commitments and other international standards), development of the Human Rights Ombudsman institution, implementation of the national anti-corruption strategy, formation of the civil service system (European Commission 2006, 4-5). There is also an explicitly articulated commitment to the peaceful solution of the Nagorno-Karabakh conflict (priority area 8).

Clearly with the introduction of the ENP, the EU intensified its economic, political and security relation with Armenia through short and long run reform priorities in meticulously documented strategic papers. The EU also offered more complex tools of political dialogue and positive conditionality. Moreover, the AP had more explicitly emphasized the importance of NGOs and civil society in improving various issues ranging from anti-corruption strategy, human rights to environmental problems.

The next major shift was the simplification and unification of the main instrument of the EU's assistance program-TACIS in 2006. The instrument-the European Neighborhood Policy and Partnership Instrument (ENPI)-was created primarily as a wider approach of direct financing to the partner governments through political dialogue. Though the ENPI offers financial incentives based on the commitments of Armenia to the priorities specified in the AP, the ENPI NIP for the period 2007-2010 broadens these areas. In terms of good governance, the priority areas include the judiciary reform, public administration reform, fight against corruption, human rights, civil society and fundamental freedoms (European Commission 2007a, 4). Furthermore, the ENPI established a new kind of positive conditionality otherwise called 'governance facility' rewarding the ENP countries effectively implementing outlined priority reforms (2007a, 4). In this framework, the EU Advisory Group-a team of professional EU advisors-was established in Armenia in 2008 to support these reforms serving also as a body providing advice on various

33

legal, democratic and institutional issues to state actors (EuFoA 2011, 5). In fact, the ENPI is a broader financial tool operating through various sub-programs and on the multilateral scale such as the ENPI Cross-Border Cooperation Program, the ENPI Inter-Regional Program the Black Sea Synergy (Vasilyan 2008, 9).[12] For instance, Armenia participates in a Black Sea Cross-Border Cooperation (CBC) which focuses on "supporting civil society and local level cooperation" (European Commission 2007b, 8). Other tools of the ENPI include Twinning and TAIEX (Technical Assistance and Information Exchange) contributing mainly to the regulatory reforms and administrative capacity building (European Commission 2007a, 14). Thus, through the ENPI the EU started to use the transnational channel and engaged non-state actors to promote good governance. The overall estimated budget from 2007 to 2010 was approximately 98 million euro, one third of which was directed to promotion of good governance (European Commission 2007a, 4).

In 2009, the EU offered a possibility of a further cooperation to Armenia, Azerbaijan, Georgia, Moldova and Ukraine within a new framework entitled Eastern Partnership (EaP). The main goal was basically the intensification of the political association and economic integration between the EU and interested partner countries (Council of the European Union 2009). Besides the prospect of new level of economic integration, visa facilitation, energy security projects and increased financial aid, this new framework emphasized the civil society participation in the EaP process. One of the major steps in this direction was the creation of Civil Society Forum in 2009. National platforms were established in partner countries to ensure the civil society participation in the process of the EaP implementation. The other major component of the EaP was the new Comprehensive Institution Building (CIB) Programme designed in preparing and

---

[12] One should include also the role of the European Instrument for Democracy and Human Rights (EIDHR) in promoting democracy and human rights mainly through transnational channels. Its funds are implemented in Armenia since 2003 (EuFoA 2011, 6).

negotiating the Association Agreements which objective is the establishment of deep and comprehensive trade areas (Council of the European Union 2009). In the NIP 2011-2013 the priority areas remained the same with minor variations concerning the new prospects of the EaP- the preparation of a DCFTA between the EU and Armenia. For the period 2011-2013, the overall budget of the EU assistance equaled 157 million Euro, and more than 47 million Euro went to the promotion of good governance (European Commission 2011, 7).

In 2012, the EU introduced the latest tool of the further implementation of the EaP-the Eastern Partnership Integration and Cooperation (EaPIC) programme where explicitly articulated the new principle governing its relations with Armenia and other Partner countries-'more for more' meaning that "a more country progresses in its internal reforms for democracy, respect of human rights and the rule of law, the more support it can expect from the programme" (European Commission 2012).For 2012-2013 through the EaPIC Armenia was granted 40 million Euro. Among other reforms, Armenia was expected to intensify the fight against corruption, strengthen the implementation of the government reforms (law enforcement and judicial sectors), to ensure implementation of the National Human Rights Strategy as well as advance legal approximation along with DCFTA negotiations (European Commission 2013, 3-4).

Despite EU's accelerated strategic policies to shift the partnership into accession, the unexpected decision of Armenia to join the EurAsEC Custom Union disrupted signing the Association Agreement that would replace the current PCA as the legal framework of EU-Armenia relations. Nevertheless, the EU still continues its promotion of good governance in Armenia. In a joint statement between the EU and Armenia in Vilnius on November 29, 2013, the both sides expressed their commitments to cooperate further "aimed at the continuous improvement of democratic institutions and judiciary, the promotion of human rights and rule of

law, good governance, the fight against corruption, the strengthening the civil society, the further improvement of the framework for enhanced trade and investments, the continued implementation of the mobility partnership and increased sectoral cooperation."[13]

Analysis: Comparing the US and the EU Approaches

The collapse of the Soviet Empire was unquestionably the major geopolitical event at the end of the twentieth century with major implications for both the Western actors and the newly established countries in transition. The promotion of good governance and focus on democratization especially in countries of low statehood and weak democracy became an imperative both for the US and the EU. Although these actors had different tracks of democracy promotion worldwide, throughout the last two decades they somehow synchronized their policies in the South Caucasus. This chapter examines the American and European approaches in Armenia from a comparative perspective.

Although immediately after the break-up of the Soviet Union the US and the EU immediately recognized the independence of Armenia-a country with two unfriendly neighbors to the east and to the east-in the early period of the 1990s either actor had strong geopolitical interests in the region and did not differentiate their policies for Armenia, Azerbaijan, and Georgia. While the US treated the South Caucasus as Russia's 'backyard' ignoring this region's contribution to major US interests (Shaffer 2003, 54), the EU was primarily preoccupied with its own transformation on the one hand (Maastricht Treaty) and with its engagement in the Central and Eastern Europe on the other (Popescu 2011, 317-318). The main tool of influence at this stage was humanitarian and financial assistance specially designed to support the transition to market

---

[13] http://eeas.europa.eu/statements/docs/2013/131129_03_en.pdf

economy and democratic institutions. It was based not only on a minimalist conception of democracy but also on the assumption that a recipient country cannot comply with democracy without capacity-building (Chayes et al 1998, 52-54). In the beginning of the 1990s both the TACIS and the US humanitarian aid under the framework of FSA were output-oriented and consisted of technical, financial and information assistance. In both cases, the targets were the government institutions. The major spheres of assistance included financial and capital markets, privatization, agriculture, transport and energy.

Nevertheless, in the second half of the 1990s, the US made the first steps to engage in the region more actively. This shift was primarily aimed at developing the energy reserves of the Caspian Sea and Turkey's strong role in the South Caucasus to counterbalance Russia's influence. The major component of this shift, in geopolitical terms, was the promotion of the Baku-Tbilisi-Ceyhan pipeline. The other component related to the US active role in the mediation of the Nagorno-Karabakh conflict[14] (Schaffer 2003, 55, Giragosian 2011, 244-245). Despite these developments and the US differentiated approach to Azerbaijan based on its energy resources Armenia, the famous Section 907 was still in force. Armenia was still among the countries receiving the highest per capita levels of assistance in the world. The emphasis was already put on democratic, economic and energy reform rather than mere humanitarian aid. Moreover, the US began to target non-state actors and introduce to some extent input-oriented policies by seeking to involve civil society in the process of domestic reforms. This policy change started with the execution of the USAID Democracy and Good Governance Program-since 1996 and the Silk Road Strategy Act enacted in 1999- a framework based on a broader understanding of democracy. Meanwhile, the EU was still a reluctant player until the end of the 1990s. Though beside TACIS the EU initiated regional assistance programs aimed at the

---

[14] The US became the Co-Chairman of the Minsk Group in January 1997

development of regional infrastructures such as TRACECA and INOGATE, they remained ineffective because of the lack of dialogue between Armenia and Azerbaijan (Freire and Simao 2007, 19). Thus, before the PCA the EU democracy promotion was still output-oriented aimed at capacity building, whereas the US has already articulated the principle of conditionality and targeted both state and civil organizations (US Department of State 2001).

The EU shifted its policy in the South Caucasus by establishing a tool of regular political dialogue. The PCA, signed in 1996, came into force on 1 July 1999. This initiative was mostly based on the maximalist conception of democracy and offered a wider cooperation in many areas including the rule of law and human rights.   The PCA became the major legal framework regulating the EU's promotion of good governance in the South Caucasus. This new approach also assumed that in parallel with new modes of cooperation the countries of the South Caucasus can be integrated into other European and international organizations. This led to the accession of Armenia to the Council of Europe in 2001. Furthermore, since 2003 the EU implemented in Armenia its agency of democracy promotion EIDHR-in many aspects similar to the USAID-with a major focus on human rights and civil society as well as aimed at developing NGO capacities (Babayan and Viviani 2013, 8). However, according to the PCA, human rights and democratic principles rather than good governance could be subject to negative conditionality (Borzel et al 2008, 15). Nevertheless, both the US and the EU did not implement negative conditionality in practice. While the US explicitly formulated its concerns related to the falsified presidential elections of 2003, the EU remained reluctant (Vasilyan 2009, 13). This was one of the major reasons that afterwards the US outlined electoral reforms, development of political parties, voter participation encouragement, election monitoring as priority areas (US Department of State 2005). But compared to the US, the EU emphasized its more active engagement with the

appointment of the EU Special Representative in July 2003 which was supposed to intensify the tool of political dialogue on the one hand and increase the EU's role in the conflict settlement on the other (Popescu 2011, 321). Moreover, the EU was preparing to launch the ENP in the South Caucasus which key objectives included the reform of electoral legislation among other priorities.

Thus, in the midpoint of the first decade of the 21st century the EU and the US approaches of democracy promotion became more synchronized. In 2004 the US introduced the MCA-a sophisticated development plan which primary objective is the reinforcement of good governance, economic freedom and investment in people. Although it is aimed at the poverty reduction, it however establishes conditionality by rewarding countries based on well-defined criteria. Meanwhile, the EU announced the ENP thus abandoning "the multilateral approach in favor of bilateralism" (Smith 2005, 762). Based on the commitment to deepen the political and economic reforms in Armenia, the EU developed the ENP Action Plan (jointly agreed with Armenia) as an institutional core. Although the latter assumed positive conditionality, with the exception of the AP's requirement with regard to electoral issues, the ENP promotion of good governance remained output-oriented and mainly directed to increasing the efficiency of state institutions (Borzel et al 2008, 24). Furthermore, a year later a new instrument was designed (ENPI) to replace TACIS with a wider scope of technical assistance. This was done primarily to add the transnational channel and to introduce some elements of input-oriented promotion as well as to encourage socialization into the European democratic practices (Freire and Simau 2013, 5).

In terms of electoral politics, compared to the previous cases, both the EU and the US took similar approaches. The presidential elections of 2008 in Armenia were disputed by the

opposition resulting in massive human rights violations aftermath. The US department of State along with the European Commission took a rather mild stance and agreed with the final report of the OSCE stating that despite some serious challenges the presidential election "mostly met OSCE commitments and international standards" (OSCE 2008). Obviously, in the late 2000s both actors put huge emphasis on security issues in the region especially after the Russian-Georgian conflict preferring regional stability rather than over rapid democratization. Nonetheless, the ENP toolkit still remained state-centric whereas American strategies of democracy promotion were more diversified. The ENP progress reports on Armenia barely mentioned the 2008 controversial elections and the political crisis aftermath, and relied mainly on reforms outlined in the ENPI indicative programs. Though in ENPI strategic documents the involvement of non-state actors and civil society became an imperative, it was supposed to increase the efficiency of government institutions, or in other words, to promote effective governance. The US, like its transatlantic partner, emphasized political dialogue and a closer work with the Armenian Government but in a less formalized way. While the USAID continued its activities to advance the process of democratization in Armenia, the MCC expressed its concerns after the presidential elections and decided to retain the suspension of some road work in December 2008 (Nichol 2009, 28).

The next stage of the EU promotion initiatives proved that the European strategy is again heavily documented and based on a long-term perspective. The EaP was designed not only to upgrade political relations with Armenia but also to introduce a new framework that would replace the current one (PCA) and would shift the EU-Armenia relations from cooperation into association. This initiative coincided with the US modified policy in the South Caucasus with a clear emphasis on deeper democratization, security and with a focus on conflict prevention. Like

the US, the EU praised Armenia's commitments to the normalization of the Armenian-Turkish relations (Turkey-Armenia Protocols signed in 2009) and to negotiations on a peaceful resolution of the Nagorno-Karabakh conflict (European Commission 2010, 3). The EaP established also several initiatives- such as the EURONEST Parliamentary Assembly, the Civil Society Forum- to diversify the ENP government-centered approach (Freire and Simau 2013, 5).

Since the 2010s the EU and the US policies of democracy promotion have not shifted dramatically in the region. The US, for instance, still continues to cooperate with the government on the one hand and to strengthen the civil society participation on the grass-root level on the other. Though the MCC excluded Armenia at the end of 2013, the USAID good governance program still focuses on a wide range of issues such as the development of alternative media and electoral reforms. Moreover, because of security-driven concerns and preference for stability in the region the US now tries to promote a higher priority for Russia in the region in the context of broader US-Russia relations (Giragosian 2011, 256). This is the major reason why the US was relatively reserved in its reaction to the political developments in Armenia in early September of 2013 when Armenia refused to sign the Association Agreements. The latter included the DCFTA-a new and broader prospect of trade relations between Armenia and the EU- and was negotiated within the framework of EaP. Like the US, for the purposes of political stability the EU ignored some issues of democracy promotion at the procedural level (minimalist understanding of democracy) especially in terms of electoral processes, including its benign stance on the last parliamentary and presidential elections. Probably, putting aside the geopolitical reasons, one of the causes of the EaP failure in Armenia was the heavy emphasis on output-oriented promotion and on preference for the state actors rather than core political institutions including civil society (Freire and Simau 2013, 5-6).

Nevertheless, at the substantive level (maximalist understanding of democracy) both actors still remain the two most important promoters of good governance: the US with its balanced usage of intergovernmental and transnational channels of influence, and the EU-with its state-centered toolkit which, due to the last developments, will opt for a more active promotion at the grass-root level.

Conclusion

The phenomenon of democracy promotion and its spread in the post-Cold War era as a major tool of foreign policy of western powers and international organizations have been extensively researched. The evidence shows that the United States and the European Union have become of the most prominent promoters of democracy and good governance worldwide. As a more experienced practitioner the US is sometimes perceived as a hard power using different tools of promotion including coercion whereas the EU is viewed as a normative power encouraging regional integration as a way to consolidate democratic values in its neighborhood. Another argument is that the US policies of democracy promotion are more ad hoc and at the grass-root level, while the EU policies are institutionalized and heavily relying on state actors. Nevertheless, these assumptions are not always valid if one takes into account the regional factor. This paper examined the promotion strategies of these two actors in Armenia since its independence from a comparative perspective. It was primarily aimed at comparing the major instruments used by the US and EU in Armenia without assessing their impact on the level of democratization. The paper did not include democratic initiatives undertaken in Armenia by a number of European and American non-state agents ranging from the Transparency International to the National Endowment for Democracy (NED) and National Democratic Institute (NDI).

First, the paper reviewed a wide range of literature covering democracy and conceptualized democracy promotion in a more general context of good governance. Then it defined an analytical framework based on the notion of input-output legitimacy and identified two targets of influence-intergovernmental and transnational.

The following chapters answered the research questions examining the policies and projects implemented by the US and the EU respectively as well as their main targets of influence in Armenia from 1991 to 2013. To spell out the gradual developments of these promotion strategies and to see the picture in more detail, the analysis was done in chronological order and in the context of regional developments. The first two chapters examine the US and the EU engagement in Armenia separately outlining the main tools and policies developed over time, and the third one drew comparison between them.

The analysis showed that at the first stage the main concern of both actors was the transition issues, and the prioritized tool was the humanitarian assistance. Both of them did not systematize their policies and used the assistance tool only. However, evaluating the strategic importance of South Caucasus since the end of the 1990s, the US then the EU started to shift their approaches and engage in the region more actively. A full synchronization of the American and European promotion strategies began midway through the first decade of the 21st century when the US, reassessing its role in the whole region, tried to cooperate with state actors more intensively, and the EU initiated its ambitious policy in Armenia-the ENP. However, while the US still put a huge emphasis on bottom-up approach and used both intergovernmental and transnational channels, the EU promotion initiatives became more state-centric. The paper also suggests that despite a variety of current initiatives, the American and European policies still remain predominantly

output-oriented due to security interests in the region. At the same time, the US actively engages

non-sate actors, while Europe will probably adopt this strategy soon.

Bibliography

Babayan, Nelli. 2010. "Shall We Talk? Democracy Promotion as a Part of Scholarly and Practitioner Dialogue." Prepared for the Annual Millennium Conference "International Relations in Dialogue," London, UK

Babayan, Nelli and Daniela Huber. 2012. "Motioned, Debated, Agreed? Human Rights and Democracy Promotion in International Affairs." *Transworld Working Papers* 6 (December)

Babayan, Nelli and Viviani Alessandra. 2013. "Shocking Adjustments? EU Human Rights and Democracy Promotion." *Transworld Working Papers* 18 (April)

Börzel, Tanja A. and Thomas Risse. 2009. "Venus Approaching Mars? The European Union's Approaches to Democracy Promotion in Comparative Perspective." In *Promoting Democracy and the Rule of Law: American and European Strategies*, eds. Magen, Amichai, Thomas Risse, and Michael A. McFaul. New York: Palgrave

Börzel, Tanja A., Yasemin Pamuk and Andreas Stahn. 2008. "One Size Fits All? How the European Union Promotes Good Governance in Its Near Abroad." SFB Working Paper 18 (December)

Börzel, Tanja A., Yasemin Pamuk and Andreas Stahn. 2009. "Democracy or Stability? EU and US Engagement in the South Caucasus." In *Promoting Democracy and the Rule of Law: American and European Strategies*, eds. Magen, Amichai, Thomas Risse, and Michael A. McFaul. New York: Palgrave

Bush, George W.H. 1989. Address Before a Joint Session of Congress. February 9
http://millercenter.org/president/speeches/detail/3420 (12.11.2013)

Carothers, Thomas. 1999. *Aiding Democracy Abroad: The Learning Curve*. Washington D.C. Carnegie Endowment for International Peace

Carothers, Thomas. 2004. *Critical Mission: Essays on Democracy Promotion*. Washington D.C. Carnegie Endowment for International Peace

Carothers, Thomas. 2009a. "Democracy Assistance: Political vs. Developmental?" *Journal of Democracy* 20 (January): 5-19

Carothers, Thomas. 2009b. "The Elusive Synthesis." *Journal of Democracy* 21 (October): 12-26

Checkel, Jeffrey T.2001."Why Comply? Social Learning and European Identity Change." *International Organization* 55(3*)*: 553-588

Chayes, Abram, Antonia Handler Chayes, and Ronald B. Mitchell. 1998."Managing Compliance: A Comparative Perspective." In *Engaging Countries: Strengthening Compliance with International Environmental Accords,* eds. Weiss, Edith B., and Harold Jacobson. MIT Press: 39-62

Collier, David and Steven Levitsky. 1996. "Democracy 'with Adjectives': Conceptual Innovation in Comparative Research." Kellog Institute Working Paper 230 (August)
Cornell Svante and Frederick Starr. 2006. "The Caucasus: A Challenge for Europe". *A Joint Transatlantic Research and Policy Center.*

Council of the European Union. 2003. *European Security Strategy.* Brussels

Council of the European Union. 2009. "Joint Declaration of the Prague Eastern Partnership Summit ." Prague, 7 May 2009
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/107589.pdf
(15.11.2013)

Council of the European Union. 2011. *Declaration on the Establishment of a European Endowment for Democracy.* Brussels

Diamond, Larry. *The Spirit of Democracy. The Struggle to Build Free Societies Throughout the World.* New York: Henry Holt and Company, LLC

European Commission. 2001. "TACIS Country Strategy Paper 2002-2006. National Indicative Programme 2002-2003. Armenia." Brussels, 27 December 2001

European Commission. 2003. "TACIS National Indicative Programme 2004-2006: Armenia." Brussels, 18 September 2003

European Commission. 2004. "European Neighborhood Policy. Strategy Paper." Brussels, May 2004

European Commission. 2005. "European Neighborhood Policy. Country Report. Armenia." March 2005

European Commission. 2006. *EU-Armenia Action Plan*.
http://ec.europa.eu/world/enp/pdf/action_plans/armenia_enp_ap_final_en.pdf (15.12.2013)

European Commission. 2007a. "European Neighborhood Partnership Instrument. Armenia. National Indicative Programme 2007-2010." Brussels

European Commission. 2007b. "Black Sea Synergy. A New Regional Cooperation Initiative." Brussels, April 2007

European Commission. 2010. "Implementation of the European Neighborhood Policy in 2009. Progress Report Armenia." Brussels, May 2010
http://ec.europa.eu/world/enp/pdf/progress2010/sec10_516_en.pdf (16.12.2013)
European Commission. 2011. "European Neighborhood Partnership Instrument. Armenia. National Indicative Programme 2011-2013." Brussels

European Commission. 2012. MEMO. Enhanced cooperation in the Eastern Partnership: the Eastern Partnership Integration and Cooperation (EaPIC) programme. Brussels, 26 June 2012
http://europa.eu/rapid/press-release_MEMO-12-491_en.htm (16.12.2013)

European Commission. 2013. "Implementation of the European Neighborhood Policy in Armenia. Progress in 2012 and Recommendations for Action." Brussels, March 2013
http://ec.europa.eu/world/enp/docs/2013_enp_pack/2013_progress_report_armenia_en.pdf (16.12.2013)

European Community. 1996. "Partnership and Cooperation Agreement between the European Communities and the Republic of Armenia." April 1996

European Friends of Armenia. 2011. "The EU's Assistance and Development Programmes in Armenia. An Introduction with Concrete Examples"

European Group for Evaluation. 2006. "Armenia: Country Strategy Evaluation. Final Report." January 2006

Freire, Maria R. and Licinia Simau. 2007. "The Armenian Road to Democracy. Dimensions of a Tortuous Process." *CEPS Working Document* 267 (May)

Freire, Maria R. and Licinia Simau. 2008. "The EU's Neighborhood Policy and the South Caucasus: Unfolding the New Patterns of Cooperation." *Caucasian Review of International Affairs* 2:4 (Autumn): 225-239

Freire, Maria R. and Licinia Simau. 2013. "From Words to Deeds": European Union Democracy Promotion in Armenia." *East European Politics*

Fukuyama, Francis and Michael McFaul. 2007. "Should Democracy be Promoted or Demoted?" The Washington Quarterly 31(1): 23-45

General Affairs Council. 2011. Press Release. 2331st Council meeting. Brussels, 26-27 February 2001
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/gena/ACF1314.html (15.11.2013)

Ghazaryan, Narine. 2010. "The ENP and the Southern Caucasus: Meeting the Expectations?" In *The European Neighborhood Policy in Perspective: Context, Implementation and Impact*, eds. Whitman, Richard and Stefan Wolff. New York: Palgrave

Giragosian, Richard. 2011. "US National Interests and Engagement Strategies in the South Caucasus." In *South Caucasus: 20 Years of Independence*. Friedrich-Ebert-Stiftung: 241-258

Girod, Desha M., Stephen D. Krasner, and Kathryn Stoner-Weiss. 2009. "Governance and Foreign Assistance: the Imperfect Translation of Ideas into Outcomes." In *Promoting Democracy and the Rule of Law: American and European Strategies*, eds. Magen, Amichai, Thomas Risse, and Michael A. McFaul. New York: Palgrave

Halbach, Uwe. 2011. "The European Union in the South Caucasus: Story of a hesitant approximation." In *South Caucasus: 20 Years of Independence*. Friedrich-Ebert-Stiftung: 300-315

Hüllen, Vera van and Andreas Stahn. 2009. "Comparing EU and US Democracy. Promotion in the Mediterranean and the Newly Independent States." In *Promoting Democracy and the Rule of Law: American and European Strategies*, eds. Magen, Amichai, Thomas Risse, and Michael A. McFaul. New York: Palgrave

Huntington, Samuel P. 1991. *The Third Wave. Democratization in the Late Twentieth Century*. Norman: University of Oklahoma Press

Johnston, Alastair Iain. 2001. "*Treating International Institutions* as Social Environments." *International Studies Quarterly* 45 (4): 487-515

Kopstein, Jeffrey. 2006. "The Transatlantic Divide over Democracy Promotion." *The Washington Quarterly* 29:2 (Spring): 85-98

Lennon, Alexander T, ed. 2009. *Democracy in U.S. Strategy. From Promotion to Support*. Washington D.C. CSIS Press

Linden, Ronald. H, ed. 2002. *Norms and Nannies: The Impact of International Organizations on the Central and East European States.* Lanham: Rowan&Littlefield Publishers

Lynch, Dov. 2003. "The EU: towards a strategy." In *The South Caucasus: a challenge for the EU*. *Chaillot Papers* 65 (December): 171-196

Magen, Amichai and Michael A. McFaul. 2009. "Introduction: American and European Strategies to Promote Democracy-Shared Values, Common Challenges, Divergent Tools?" In *Promoting Democracy and the Rule of Law: American and European Strategies*, eds. Magen, Amichai, Thomas Risse, and Michael A. McFaul. New York: Palgrave

Manners, Ian. 2002. "Normative Power Europe: A Contradiction in Terms?" *Journal of Common Market Studies* 40: 235-258

McFaul, Michael. 2004-2005."Democracy as a World Value." *The Washington Quarterly* 28:1 (Winter): 147-163

McFaul, Michael. 2006. "Political Transitions. Democracy and the Former Soviet Union." *Harvard International Review* (Spring): 40-45

Millennium Challenge Corporation. 2006. Millennium Challenge Compact between the United States of America Acting through the Millennium Corporation and the Government of the Republic of Armenia.
http://www.mcc.gov/documents/agreements/032706armeniacompact.pdf (12.11.2013)

Mirzoyan, Alla. 2010. *Armenia, the Regional Powers, and the West. Between History and Geopolitics*. New York: Palgrave Macmillan

Monten, Jonathan. 2005. "Power, Nationalism, and Democracy Promotion in US Strategy." International Security 29(4): 112-156

Munck, Geraldo L. and Jay Verkuilen. 2002. "Conceptualizing and Measuring Democracy. Evaluating Alternative Indices." *Comparative Political Studies* 35(1): 5-34

Nichol, Jim. 2009. *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests.* CRS Report for Congress, Washington, D.C.: Congressional Research Service.

Nichol, Jim. 2013. *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests.* CRS Report for Congress, Washington, D.C.: Congressional Research Service.

O'Donnell, Guillermo and Philippe C. Schmitter. 1986. *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies*. Baltimore, Maryland. John Hopkins University Press

OSCE. 2008. *Republic of Armenia Presidential Election 19 February 2008*. Warsaw: Office for Democratic Institutions and Human Rights, OSCE

http://www.osce.org/odihr/elections/armenia/32115 (20.12.2013)

Popescu, Nicu. 2011. "ENP and EaP: relevant for the South Caucasus?" In *South Caucasus: 20 Years of Independence*. Friedrich-Ebert-Stiftung: 316-334

Risse, Thomas. 2009. "Conclusions: Towards Transatlantic Democracy Promotion?" In *Promoting Democracy and the Rule of Law: American and European Strategies*, eds. Magen, Amichai, Thomas Risse, and Michael A. McFaul. New York: Palgrave

Rosenblum, Daniel. 2012. "Remarks to the 20th Anniversary of the FREEDOM Support Act." Washington D.C. September 21
http://www.state.gov/p/eur/rls/rm/2012/198152.htm (12.11.2013)

Schaffer, Brenda. 2003. "US Policy." In *The South Caucasus: a challenge for the EU*. *Chaillot Papers* 65 (December): 53-61

Scharpf, Fritz W. 1999. *Governing Europe. Effective or Legitimate?* Oxford: Offord University Press

Schimmelfennig, Frank. 2010. "Europeanization beyond Europe." *Zeitschrift für Staats- und Europawissenschaften*

Schmitter, Philippe C. and Imco Brouwer. 1999. "Conceptualizing, Researching and Evaluating Democracy Promotion and Protection" European University Institute Working Paper 99 (9)

Schmitter, Philippe C. and Terry Karl. 1991. "What Democracy is…and Is Not." *Journal of Democracy* 2:3 (Summer): 75-88

Schumpeter, Joseph. 1942. *Capitalism, Socialism and Democracy*. New York: Harper

Silander, Daniel. 2005. *Democracy from Outside-In? The Conceptualization and Significance of Democracy Promotion.* Växjö University Press

Smith, Karen E. 2005. "The Outsiders: The European Neighborhood Policy." *International Affairs* 81.4 (July)

United States Agency for International Development. 2002. "United States Assistance to Armenia 1992-2001. A Decade of Commitment and Partnership." Yerevan: Embassy of the US

United States Agency for International Development. 2004. "Final Report: Armenia Legislative Strengthening Program." Development Associates, Inc. Arlington, Virginia. September 30, 2004 http://pdf.usaid.gov/pdf_docs/pdaca672.pdf (13.11.2013)

United States Agency for International Development. 2009."Country Assistance Strategy: Armenia 2009-2013." March 2009. Yerevan: Embassy of the US

United States Agency for International Development. 2012a. "ABA ROLI Evaluation Report." March 2012.
http://pdf.usaid.gov/pdf_docs/PDACT403.pdf (13.11.2013)

United States Agency for International Development. 2012b."Democracy and Governance: Current Programs" Last updated October 11, 2013
http://www.usaid.gov/armenia/democracy-and-governance (13.11.2013)

United States Agency for International Development. 2013. "USAID Strategy on Democracy Human Rights and Governance." June 2013
http://www.usaid.gov/sites/default/files/documents/1866/USAID%20DRG_%20final%20final%206-24%203%20(1).pdf

US Congress. 2003. *Millennium Challenge Act.* 108th Cong. H.R. 2673. January 23, 2003
http://www.constitution.org/uslaw/sal/118_statutes_at_large.pdf (12.11.2013)

US Congress. House. 1999. *Silk Road Strategy Act.* 106th Cong., 1st Session, H.R. 1152. August 3, 1999
https://www.govtrack.us/congress/bills/106/hr1152/text (14.11.2013)

US Department of State. 2001. "US Government Assistance and Cooperative Activities with the Newly Independent States of the Former Soviet Union-FY 2000 Annual Report." Washington D.C. January 2001

US Department of State. 2002. "US Government Assistance and Cooperative Activities Eurasia-FY 2001 Annual Report." Washington D.C. March 2002

US Department of State. 2005. "US Government Assistance and Cooperative Activities Eurasia-FY 2004 Annual Report." Washington D.C. January 2005

US Department of State. 2008. "US Government Assistance and Cooperative Activities Eurasia-FY 2007 Annual Report." Washington D.C. January 2008

US Department of State. 2009. "US Government Assistance and Cooperative Activities Eurasia-FY 2008 Annual Report." Washington D.C. January 2009

US Department of State. 2010. "US Government Assistance and Cooperative Activities Eurasia-FY 2009 Annual Report." Washington D.C. January 2010

Vachudova, Milada A. 2005. *Europe Undivided: Democracy, Leverage and Integration after Communism.* Oxford: Oxford University Press

Vasilyan, Syuzanna. 2009. "Dizygotic Tweens: The US and the EU Promoting Democracy in South Caucasus." Presented at the ISA Conference, New York, USA

Whitehead, Laurence. 2004. "Democratization with the Benefit of Hindsight: The Changing International Components." In *The UN Role in Promoting Democracy: Between Ideals and Reality*, eds. Newman, Edward and Roland Rich. Tokyo, New York, Paris, UN University Press