DOUBLE DEPRIVED: "HIGH RANKED" CORRUPTION AFFECTS ORPHANS' HOUSING

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By Vahan Ishkhanyan, ArmeniaNow.com reporter, Yerevan, Armenia

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At least 25 apartments purchased by the state using European Union grant money to be used by graduates of children's orphanages are not fit for occupation.

ArmeniaNow reporters visited the apartments and found that some are constantly flooded with sewage waters, making them useless even for keeping animals.

Getting apartments for these young people, deprived of parents since childhood, and their children has led to illnesses generated by humidity. Some have left the apartments to escape being washed up by sewage waters. The apartments are all either on the first or the last floor, so, humidity penetrates from either above or beneath. The apartments were bought at prices several times higher than the market price, thus enriching some officials at the expense of depriving the orphans of comfortable conditions. Almost none of the apartments conform to the criterion for being "available for occupancy".

The apartments were allotted within the government's 2003 program for State Support to the Graduates of the Child Tutorship Organizations of the Republic of Armenia based on the European Commission Food Program. According to the memorandum signed with the government, the European Commission provided 10 million Euros to the republic's budget to implement agricultural and social programs.

According to the program the Ministry of Labor and Social Issues was supposed to provide healthcare support, accommodation and property to 227 graduates of child asylums beginning 1991; however, according to the official data only 109 apartments have been purchased within the past 6 years.

Based on a trilateral agreement with the Ministry of Labor and Social Issues and the Agency for the Management of State Property 35 apartments were purchased by private agencies Karen Z Ltd, with 63 more bought by Sokol Group Ltd.

Apartments

The walls in Jane Babayan's apartment are covered with mould. There are 3-litre glass jars standing in several places to intercept water drops falling from the ceiling. But the most horrifying are the winters, when the frozen sewage pipes crossing the ceiling are heated down, and the melting sewage waters burst out of the damaged pipes. Jane, 32, takes her 6-year-old son and her 2-year-old daughter, and goes out to the street to wait before the water pouring from above stops.

Sewage water penetrates into her apartment also from the water drain seeping onto the apartment. The family's furniture has rotted from humidity, the beds are always wet, and there are worms in the corners.

Her daughter's legs hurt, and her son's nose is constantly stuffed up, and no medicines help him any more. Saving somehow, Jane has repaired the walls several times since moving into the apartment in 2004, but it's useless as long as the sewage permanently flows, and the plaster on the newly repaired walls peels off giving way to new mould bloom. Electric wires have also been damaged by the humidity, and the family often lacks electricity. Rats are permanent guests here that come through the sewage damaging all around: "The rats get into my drawers, mixed up the grocery. If only the rats could be fought back!" says Jane in despair.

Jane is one of seven graduates, who got the remodeled apartments of the unused area in the basement of building 16 in the 16th district. The sewage and drinking water pipelines that freeze up every winter like is the case with almost all of the buildings in the district are located just above the apartments. When the residents heat the pipes up to unblock them, the waters burst out and pour onto to the heads of the orphans. Sewage pipes crossing beneath the building are also damaged. The old residents of the building say the water used to spill out from the gutter, but when the area was chosen for remodeling for the apartments, the constructors simply filled the gutter with concrete and closed it, so, now the water finds its way out from inside the apartments.

"It never rains but it pours," says a graduate of the Gavar orphanage, Khachatur Afrikyan, 32, who lives with his wife surrounded by molded walls and humidity: "When we moved to the apartment everything seemed to be normal, but when I pulled the carpeting, I saw concrete beneath (floors are of concrete in all apartments)," Khachik says. There is no system of ventilation, so Khachik has installed two flues: "I have lost my voice since the day I moved here. It's either one side of me hurting or the other, every morning."

The house-warming for Grigor Hakobyan turned into a fight against the pouring sewage water. "I spend 100,000 drams (about $300) every year to fight it, but I can't manage it any more," he says. The money is not enough to change the plastic pipe for the drinking water as it blows up flooding the apartment every time the pressure in the pipes changes.

Only 4 of the 7 apartments are inhabited; the residents of the remaining three have been unable to resist the sewage and have abandoned them.

The mud from the sewage pipeline crossing Artur Abrahamyan's apartment has washed away a wall in it, damaging the apartment. He now lives in a different place: "They fooled us saying they give us apartments," says Artur, who can't live in a humid place after an unsuccessful rupture surgery and foot injury.

The apartments were purchased by Karen Z Ltd in 2004 for 3,798,000 drams each (about $8,400 based on the dollar rate of the

time), while a two-room apartment on the middle floors in the 16th district, the cheapest in Yerevan, could be bought for $4-5,000, and a three-roomed one – for 7,000. The seven apartments were bought for 26,777,700 AMD ($48,700).
The residents of the building say the area used to be an inoperable storage that was turned into a garbage dump.

A real estate property dealer told ArmeniaNow the area may be sold for a song, because nobody will ever buy it for any purpose.

Asylum graduates, who were given the 11 apartments on the upper 7th floor of a 7-storied new building on Tbilisian highway, have been luckier, as there is no water penetrating from the floor – only the ceiling.

The ceiling is a one-centimeter thick gypsum cardboard that lets rain water in through its junctions. There is no way to stop the leakage, because the ceiling will collapse if any construction is done over it. However, even if the roof is repaired in a way as to prevent water penetration onto the ceiling, the gypsum cardboard will still be unable to insulate the apartment from the noise of the rain and the weather changes. "It is so thin that we can hear the raindrops – rat-tat, rat-tat," says Nune Simonyan, who received the apartment in December 2006. "I have asked the Social Security Ministry why they don't cover with panel a roof here."

Fighting cold in wintertime is impossible as the ceiling is unable to keep the heat inside, no matter how much the apartment is heated: "It's impossible to heat, no matter how much you burn a heater, water in a glass turns into ice soon," says Nune.

She has changed also the window, because, she says, rain and snow used to get inside through the cracks. Nune received the apartment without doors inside and has bought them herself. Unlike the apartments in the 16th district, here the floors are not just the concrete. But the parquet is laid over without having been properly glued and pops up underfoot. The building lacks water for days. Nune's daughter Diana suffers an illness of kidneys and incontinence. But Nune has no chance to bathe her: "She goes to school, so I apply perfume on her to hide the smell. What else can I do?" Nune says the water pump burns very often, and she has been forced to pay 1,000 ($3) drams for the fourth time now to buy a new one. The 7-storied building has no elevator. "They took us for idiots and cheated us saying we wouldn't get an apartment if we didn't agree to take this one, so we took it. We had nobody to ask for advice," says Nune.
Nune is forced to return to her former 'cell' in the dormitory, for a part of the year, to withstand the winter cold and escape the downpours. The picture is the same in the other 10 apartments.

Lala Ghazaryan, the head of the Agency for Family, Women and Child Issues at the Ministry of Labor and Social Issues of Armenia says Nune is obliged to live in her apartment independent of the conditions. She says also the graduates of asylums do not entertain any further rights after receiving apartments. Ghazaryan says an apartment may be confiscated by the state if it is not lived in, if the state assesses it to be fit for occupancy.

The builder of the apartment is the same Karen Z – the organization that has purchased them. That is, it has sold the apartments it has built to the state for about 51,090,000 drams ($113,500, as of the 2006 exchange rate) - $10,300 per each apartment.

Hermine Asatryan says she found a total wreck, when she entered the apartment on the 4th floor of a 4-storied building in the 4th district in 2004. The ceiling was leaking, the balcony was falling to pieces, the windows would not shut, and the snow was getting

inside in wintertime. Hermine claims of spending about $2,000 to make the apartment available for life: "I have saved money bit by bit for 4 years saving even on food, to repair my home. I have spent $600 only on the roof," says Hermine, 28, who works as a waitress. The ceiling does not leak any more; she has also built a new balcony, and has also changed the windows. But the toilet room still does not work, and Hermine continues to save every penny to repair it. Hermine, knowing the deteriorating situation with the rest of the apartments, believes she has been luckier, because it was possible to repair her apartment unlike those in the 16th district and on Tbilisian Highway: "I have fought not to get a bad apartment and I got a good one."

Hermine's one-room apartment has also been purchased by the Karen Z for 4,573,391 drams ($8,300 in 2004). Hermine has heard that the former owner of the apartment had sold it for $4,500.

Lusine Manukyan, found her apartment on the last floor of the 12-storied building in the 8th district with leaking roof and rotten pipes: "There was no electricity, and the wires inside the walls were burnt off because of the humidity," she says. The pipes were replaced with the means of the district municipality. The apartment was bought by Karen Z in 2004 – for 4.2 million drams (about $7,600).

Building number 6 on Karmir Banaki Street in the town of Abovyan stands separate from the residential district and is at 500 meter distance from the nearest school or the bus station. The area of the first floor of the building has been remodeled into 6 apartments for graduates of child asylums. In all of the apartments humidity penetrates from beneath, the plaster peels off the lower part of the walls and the floor swells. The stench of humidity strikes at the entrance. Zvart Kirakosyan, 23, who spent her life in Zatik asylum, got her apartment in September 2007. She became a mother 5 months ago: "I like the apartment, but I'm afraid my baby will get ill from the humidity." The apartments on Karmir Banaki 6 were bought by Sokol Group Ltd for 7.2 million drams (about $20,000 in 2007) each.

The Property

Almost all the TV sets in apartment owners' homes have burnt out within a month. Presumably, the property was stored in a humid place after purchasing and was damaged. The furniture – armchairs and beds, broke in many cases on the very first day. A bed is broken in one apartment, in another are the chairs, in a third place the wooden parts, but people still try to use them fixing somehow. Some have purchased new furniture, but all say the cheap mats and blankets stink as the wool inside was not cleaned of sheep excrement.

Lala Ghazaryan complains the graduates do not use the property and some have sold it out; she says the state will bring charges against them demanding the return of the property or compensation of financial losses.

The Criminal Cases

In April 2008 the Prosecutor General's Office spread information, saying the Sokol Group Ltd has purchased only 63 apartments despite it has been obliged to purchase 132 apartments with further condition of passing them to the ministry and the agency for a total sum of 746,230,000 drams ($2 million 490) according to the trilateral agreements signed between the Sokol Group Ltd, the

Agency for Management of the State Property by the government of Armenia and the Ministry of Labor and Social Issues in 2004, 2005, and 2006. Having surveyed the prices of 12 apartments, the Prosecutor's Office has identified the apartments were bought for prices exceeding their market price by 53 million drams ($177,000)

The press release of the Prosecutor's Office says: "The mentioned agreements have been signed in the name of the Ministry of Labor and Social Issues by the head of the ministry administration Dzonik Margaryan, who has abused the authority ascribed to him as an official person in favor of group interests, and against the interests of the service, that is by violating the requirements of the RA Law on Licensing by not defining mechanisms of supervision and specification of the purchase procedures and prices, and the exact areas of the purchased apartments, in the agreements with the Sokol Group Ltd, which lacks license for mediating in obtaining real property. As a result Lyova Aghababyan, the director of the Sokol Goup Ltd, has been engaged in an entrepreneurial activities demanding licensing, without permission."

The preliminary investigation into the case is now within the authority of the investigative agency of the police. A criminal case has been brought into action against Margaryan.

The case was initiated after the new government revealed in April the Sokol Group Ltd had been receiving money by signing three agreements on purchasing apartments beginning 2004, but has not purchased them for 3 years.

In response to the inquiry by ArmeniaNow, the police reiterated the information released by the Prosecutor's Office five months ago almost word for word, which implies the investigation refers only to the joint abuses made by the ministry and the Sokol Group. No investigation is made into the activities and the quality of the apartments purchased by the ministry and the Karen Z Company. The only difference between the two statements is that unlike the one by the Prosecutor's Office, the police statement mentions Dzonik Margaryan three times.

But the documents show all the agreements have been signed upon an order of the Minister of Labor and Social Issues Aghvan Vardanyan, and Dzonik Margaryan has only been the one who puts the seals. The 2003 Program for State Support to the Graduates of the Child Tutorship Organizations has been enforced, all the mentioned apartments have been purchased, the Karen Z and Sokol Group organizations have been chosen and contracted, and all the expropriations have been done during the years when the Minister was Aghvan Vardanyan. The apartments have been accepted by the joint commission of the Ministry of Labor and Social Issues and the Agency for the Management of State Property, co-chaired by Lala Ghazaryan. The sphere is supervised by the Deputy Minister Filaret Berikyan of the Republican Party of Armenia.

Owing to his high position in the Armenian Revolutionary Federation Dashnaktsutyun Party and the connections, Aghvan Vardanyan (Vardanyan left the ministerial post upon the order of the party in May and was chosen as member of the party bureau; Gevorg Danielyan, the Minister of Justice is the husband of his sister; he is also in close relations with the former President of Armenia Robert Kocharyan), has not been brought to any responsilbity, with only Dzonik Margaryan, an official being turned into a scapegoat, who has only fulfilled the minister's orders and has neither chosen Sokol Group and Karen Z companies for contracts, nor has been related to the purchasing and the quality of the apartments.

The May 2, 2007 issue of the Haykakan Zhamanak daily reported while in office Aghvan Vardanyan has obtained a summer house more proper to a tycoon, three apartments, the two in a newly built apartment blocs, and a luxury car for his son. Another source reports Vardanyan has a collection of highly valued paintings.

The Dashnaktsutyun is aware of the corruption cases among its ministers and appear to encourage them because, according to information passed on to ArmeniaNow, some of the money for the corrupt deals goes into the party budget. The authorities, who feel their own lack of legitimacy, cannot instigate cases against any of its ARFD ministers, as it may confront the whole party.

ArmeniaNow contacted a member of Armenia's Supreme Body, Ruben Markaryan, advising of the information on hand alleging that the Dashnak party accepts "dirty" money from ministers who belong to its party.

"Every member pays a defined average membership fee," Markaryan said. "That doesn't mean that all of them are paying the same amount. Those who can afford, pay more. Ministers pay memberships fees higher than other members."

Some Comments That Follow the Article

It is high time to bring these (bandits) Armenian government officials to justice. Unfortunately, these bandits who are the left-over from the former Soviet regime will not stop sucking the blood of the Armenian people, unless they are purged by the oppressed good people of Armenia. Imagine what happens to the million of dollars of aid raised by the Armenian Diaspora throughout the world. Stealing and lying is a way of life in Armenia. In spite of all these negativities, we must never stop helping our ancestral land personally or through honest organizations.

Zohrab

It's unfortunate the EU grant was to the government. An honest Armenian non-profit NGO could have done so much more with the money. What a shame. The key is not to give the money to corrupt government officials.

Mike

Kamo, it's true we don't have wide perspectives of prosperity because of the blockade, but don't the Armenians of Armenia and the Diaspora have enough material and financial resources as not to starve our children and our orphans? Our nation is in such a deplorable situation because the billions that belong to people are being pocketed by our oligarchic clans.

Mek

But the Turk and Azeri blockade does do indirect damage, you have to admit that.

Kamo

This is not our government. It’s us not holding our government accountable…I agree that our government is out of control but only because we, as nation, are not keeping it in control.

Julia

Sam and others,
I am so glad you have already understood what is going on here in Armenia. And I hope you know against whom and for what we are fighting. And if sometimes we don't pay due attention to the cause of the Armenian Dad and the recognition of the Genocide, it is not because we are unpatriotic, it is because we feel that the white genocide of the monstrous clan will bring the country to termination. We are as endangered now as in 1915.

Mek

Dear Armenians, wake up, this is the way Armenians live and work in Armenia. If they have any chance to steal, they will. This story is a drop in the ocean. I can't imagine that something can force Armenians not to steal. Good thing is that media and press started talking about this problem.

Samvel

This is a scandal!
Has anyone brought this to the attention of the European Commission?
I live in Brussels and know a lot of people in the EC. I can call up any commissioner you want and inform them of these criminal activities of the regime.
Enough is enough, these guys should go.

Armen

It is enough to see these pictures in order to send to hell or prison the corrupted .

Mkrtich Tonoyan

Oh God, bless us, and give us chance to change this problem.

Nugie