ISTANBUL ANTI-CORRUPTION ACTION PLAN

THIRD ROUND OF MONITORING

ARMENIA

PROGRESS UPDATE

This document contains the latest progress update and assessment of implementation of recommendations from the Third Round of Monitoring of the Istanbul Anti-Corruption Action Plan for Armenia. This Progress Update was adopted at the 17th ACN Plenary meeting on 15 September 2016 in Paris.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>BACKGROUND</td>
<td>3</td>
</tr>
<tr>
<td>PROGRESS UPDATE METHODOLOGY SUMMARY</td>
<td>4</td>
</tr>
<tr>
<td>PROGRESS UPDATE SUMMARY</td>
<td>5</td>
</tr>
<tr>
<td>PROGRESS UPDATES BY RECOMMENDATION</td>
<td>8</td>
</tr>
<tr>
<td>PILLAR 1: ANTI-CORRUPTION POLICY</td>
<td>8</td>
</tr>
<tr>
<td>Recommendation 1: Anti-corruption policy</td>
<td>8</td>
</tr>
<tr>
<td>Recommendation 2: Surveys</td>
<td>10</td>
</tr>
<tr>
<td>Recommendation 3: NGO participation and awareness raising</td>
<td>14</td>
</tr>
<tr>
<td>Recommendation 4: Anti-corruption institutions</td>
<td>15</td>
</tr>
<tr>
<td>PILLAR 2: CRIMINALISATION OF CORRUPTION</td>
<td>18</td>
</tr>
<tr>
<td>Recommendation 5: Criminalisation of corruption</td>
<td>18</td>
</tr>
<tr>
<td>Recommendation 10: Ethics Commission</td>
<td>29</td>
</tr>
<tr>
<td>Recommendation 11: Ethics commissions in public institutions</td>
<td>31</td>
</tr>
<tr>
<td>Recommendation 12: Code of ethics</td>
<td>32</td>
</tr>
<tr>
<td>Recommendation 13: Merit based recruitment</td>
<td>34</td>
</tr>
<tr>
<td>Recommendation 14: Conflict of interests</td>
<td>36</td>
</tr>
<tr>
<td>Recommendation 16: Ethics training</td>
<td>38</td>
</tr>
<tr>
<td>Recommendation 17: Transparency and discretion in public administration</td>
<td>40</td>
</tr>
<tr>
<td>Recommendation 18: Public financial control and audit</td>
<td>46</td>
</tr>
<tr>
<td>Recommendation 19: Public procurement</td>
<td>48</td>
</tr>
<tr>
<td>Recommendation 21: Political corruption</td>
<td>53</td>
</tr>
<tr>
<td>Recommendation 22: Judiciary</td>
<td>55</td>
</tr>
<tr>
<td>Recommendation 23: Business integrity</td>
<td>58</td>
</tr>
<tr>
<td>OTHER MAJOR ANTI-CORRUPTION DEVELOPMENTS</td>
<td>59</td>
</tr>
</tbody>
</table>
BACKGROUND

About the OECD
The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendations to produce better policies for better lives. The OECD’s mission is to promote policies that improve economic and social well-being of people around the world. Find out more at www.oecd.org.

About the Anti-Corruption Network for Eastern Europe and Central Asia
Established in 1998, the main objective of the Anti-Corruption Network for Eastern Europe and Central Asia (ACN) is to support its member countries in their efforts to prevent and fight corruption. It provides a regional forum for the promotion of anti-corruption activities, the exchange of information, elaboration of best practices and donor co-ordination via regional meetings and seminars, peer-learning programmes and thematic projects. ACN also serves as the home for the Istanbul Anti-Corruption Action Plan. Find out more at www.oecd.org/corruption/acn/.

About the Istanbul Anti-Corruption Action Plan
The Istanbul Anti-Corruption Action Plan is a sub-regional peer-review programme launched in 2003 in the framework of the ACN. It supports anti-corruption reforms in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Ukraine and Uzbekistan through country reviews and continuous monitoring of participating countries’ implementation of recommendations to assist in the implementation of the UN Convention against Corruption (UNCAC) and other international standards and best practice. Find out more at www.oecd.org/corruption/acn/istanbulactionplan/.
After the adoption of the Monitoring Report, the evaluated country presents a Progress Update at each subsequent ACN Plenary meeting.

The Progress Update begins with a description of the methodology, followed by the summary of the assessment of implementation of recommendations, as agreed during the Plenary Meeting of September 2016. It then goes into each recommendation separately, providing the country report, as well as the ACN and expert evaluation.

The Progress Update follows the following steps:

1. Progress Update reports are prepared by country representatives
These documents include information on implementation measures taken for each recommendation, and may also cover additional anti-corruption developments. Country representatives submit a written Progress Update report to the ACN Secretariat through appointed National Co-ordinators, together with supporting documents, such as laws and statistical data. Civil society also submits alternative reports on progress.

2. Preparation of preliminary assessment by ACN Secretariat and experts
The Secretariat and the experts who contributed to the Monitoring Reports (or delegates replacing the experts) study the Progress Update reports and prepare a draft progress assessment for the Plenary Meeting. Civil society is also invited to contribute to the evaluation.

3. Discussion at ACN Plenary meeting
ACN Secretariat and experts discuss the Progress Update during a bilateral preparatory meeting with country representatives. The Plenary then discusses and endorses the assessment.

4. Finalisation of Progress Update
Following the Plenary Meeting, the Secretariat adds the final assessment to the Progress Update reports, finalises and publishes them on the ACN website.
PROGRESS UPDATE SUMMARY

15th ACN Istanbul Action Plan Meeting on 23-25 March, 2015: progress update was submitted by Armenian National Coordinator at the ACN, the Ministry of Justice of Armenia. In addition, shadow progress updates were submitted by three Armenian NGOs, namely, the Armenian Young Lawyers Association, the Protection of Rights without Borders Nongovernmental Organisation, and by the Freedom of Information Centre of Armenia. The reports were reviewed by the monitoring exerts, including Mr Zurab Sanikidze, Acting Head of the Analytical Department of the Ministry of Justice of Georgia that also acts as the Secretary of Anti-Corruption Council of Georgia and the Georgian National Coordinator at the ACN, Ms. Natalia Baratashvili of the Analytical Department of the Ministry of Justice, Mr Vakhtang Kezheradze from the State Audit Office, Ms Olga Savran, OECD, and Ms Tanya Khavanska, OECD. The progress update was discussed and adopted by the Istanbul Action Plan monitoring meeting on 23-25 March 2015.

The meeting concluded that there was progress in the implementation of 15 recommendations, and lack of tangible progress in relation to 8 recommendations. The monitoring meeting thanked the monitoring experts for their preparation for the assessment of progress, and noted that the shadow reports provided by the representatives of the Civil Society of Armenia were very useful for ensuring the objectivity of the assessment.

16th ACN Plenary on 7-9 October, 2015: progress update was submitted by the national coordinator for ACN, Deputy Minister of Justice of Armenia together with the annexed documentation. Alternative reports were received by the Secretariat from 4 Armenian NGOs: TI Armenia, Armenian Young Lawyers Association, Freedom of Information Centre of Armenia and the Protection of Rights without Borders. Reports were reviewed by Mr. Vakhtang Kezheradze from the State Audit Office of Georgia and the representative of the ACN Secretariat Mrs. Rusudan Mikhelidze. The assessment of progress was discussed and adopted on the 16th ACN plenary on 8 October, 2015.

The plenary noted the progress in relation to 17 and lack of progress in relation to the 6 recommendations out of 23 recommendations. In case of 7 recommendations, where substantial measures have not been carried out yet, considering that the actions were taken in line with the timeline of the Armenian anti-corruption action plan, limited progress was noted. The secretariat thanked the national coordinator for very good cooperation and expressed appreciation for the alternative reports received from the 4 Armenian NGOs noted above. The table below summarises the assessment, including the recommendations where progress was noted or where it was lacking.

17th ACN Plenary on 14-15 September, 2016: progress update was submitted by the national coordinator for ACN, Deputy Minister of Justice of Armenia Mr. Suren Krmoyan together with the annexed material. Alternative reports were received from 3 Armenian NGOs: TI Armenia, Armenian Young Lawyers Association and Freedom of Information Centre of Armenia. Information was reviewed by Mr Dirk Plutz, EBRD, Ms Tanya Khavanska and Mrs Rusudan Mikhelidze, the ACN Secretariat. The assessment of progress was discussed and adopted on the 17th ACN plenary meeting on 15 September, 2016. The plenary noted the significant progress in relation to 2 recommendations and progress on 17 recommendations out of total 23 recommendations. On 4 Recommendation no progress could be noted. The summary table is provided below.
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Progress</td>
<td>Progress</td>
<td>Progress</td>
<td>Progress</td>
<td>Progress</td>
<td>Progress</td>
<td>Lack of progress</td>
<td>Lack of progress</td>
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<td>Progress</td>
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<td>Progress</td>
<td>Lack of progress</td>
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<td>Lack of progress</td>
</tr>
<tr>
<td>15th Plenary Meeting</td>
<td>March 2015</td>
<td>16th Plenary Meeting</td>
<td>October 2015</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17th Plenary Meeting</td>
<td>September 2016</td>
<td></td>
<td></td>
<td></td>
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</tbody>
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**Significant Progress, Progress/ Lack of Progress**

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1. This progress update uses a new methodology with new ratings, which has been adopted for the Fourth Round of Monitoring of the Istanbul Anti-Corruption Action Plan. The full methodology is available online here (document to be uploaded and linked).
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<thead>
<tr>
<th>Recommendation 18: Public financial control and audit</th>
<th>Lack of progress</th>
<th>Progress</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendation 19: Public procurement</td>
<td>Progress</td>
<td>Progress</td>
<td>Progress</td>
</tr>
<tr>
<td>Recommendation 20: Access to information</td>
<td>Progress</td>
<td>Progress</td>
<td>Significant progress</td>
</tr>
<tr>
<td>Recommendation 21: Political corruption</td>
<td>Lack of progress</td>
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</tr>
<tr>
<td>Recommendation 22: Judiciary</td>
<td>Progress</td>
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<td>Progress</td>
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<tr>
<td>Recommendation 23: Business integrity</td>
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<td>Progress</td>
</tr>
</tbody>
</table>

**Note:**

**Significant progress** - important practical measures were taken by the country to adequately address many elements of the recommendation (more than a half). This can involve the adoption and/or enforcement of an important law.

**Progress** - some practical measures were taken towards the implementation of the recommendation. For example, drafts of laws that have been at least approved by the government and submitted to the parliament would constitute "progress" for the assessment of Progress Updates.

**Lack of progress** - no such actions were taken.

Recommendations that appear to be fully addressed can be closed for the progress update procedure and further evaluated only as a part of the monitoring procedure.
Recommendation 1: Anti-corruption policy

Organise meaningful consultations about the new strategy with the public authorities and the non-governmental partners, including civil society, business and international partners, to ensure that the strategy focus on the right priorities and to build the support of the society to its implementation.

Ensure that the new strategy has a strong mechanism for its coordination and monitoring, including a set of performance indicators and the use of surveys and inputs from nongovernmental organisations.

Develop a budget for the implementation of the strategy including sufficient human and financial resources to ensure necessary financing from the state budget.

17th ACN Plenary Meeting, September 2016

Government report

**Meaningful consultations**

Taking into consideration the results of the consultations and discussions with the public authorities and the non-governmental partners, including civil society, business and international partners, the Anti-Corruption Strategy and its Action Plan for 2015-2018 were adopted by the Governmental decision 1141-N, 25 September, 2015.

The Government of Armenia has continued holding consultations about the anticorruption strategy after its adoption.

On 29 April 2016, the Public Council held a plenary sitting in the Public Council, the main issue whereof related to the consideration of the Republic of Armenia Anti-Corruption Strategy Implementation Action Plan for 2015-2018. During the meeting the Deputy Minister of Justice of the Republic of Armenia presented the Anti-Corruption Strategy and its Implementation Action Plan, the main objective of the Strategy, the main measures for the fight against corruption, the need for establishing a transparent and accountable governance system, the importance of establishing a participatory governance system and co-operation with the civil society and other issues. Indicating the provision provided for by the Action Plan, the Deputy Minister once again attached importance to the need for organizing broad public consultations in the Public Council once a quarter, where the representative of the corresponding state institution will present a quarterly overview of the activities of the Anti-Corruption Council, after which representatives of civil society institutions will raise questions and make proposals concerning the fight against corruption, which will also be presented to the Anti-Corruption Council.

The members of the Public Council attached importance to the participation of the Public Council in the fight against corruption noting that issues concerning corrupt practices have been considered in the Council starting from the day of its establishment. The members of the Public Council also attached importance to the need for holding regular considerations on the prevention of corruption. Issues relating to the activities of the Anti-Corruption Council, their effectiveness and the current situation of the fight against corruption in general were raised, considering at the same time the issue of expediency of participation of the Public Council in the activities of that Council. As a result of the consideration a

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1 http://moj.am/storage/files/pages/pg_4229796232272_razmavarutyun_eng_1_2_.pdf
2 http://www.justice.am/storage/files/pages/pg_4229796232274_mijocarumneri_cragir_ENG_1_1_.pdf
3 http://gov.am/u_files/file/xorhurdner/korupcia/1141_1k_voroshum.pdf
4 http://publiccouncil.am/en/conferences-speeches-meeting/item/2016/04/30/278/
number of proposals were put forward.

On 25 November 2015 a donor coordination meeting on the fight against corruption was organized by the Ministry of Justice with financing of the European Union Delegation and with participation of all stakeholders (State bodies, international organizations such as European Union, Council of Europe, OSCE, USAID, different Embassies, NGOs). Important measures undertaken in 2015 were presented during the meeting. The issues regarding the implementation of the Anti-corruption Strategy and its Action Plan were discussed during the meeting. Afterwards, representatives of donor organizations also presented their reports and recommendations for implementation of the anti-corruption strategy plan.

On 10-11 December, 2015 a workshop on “Corruption risks in the Business Sector and integrity problems in Armenia” and 28-29 May, 2016 a workshop on “Corruption Risks in the Business Sector of Armenia: Recorded Problems and Upcoming Activities” were organized with participation of Representatives from dozens of non-governmental organizations, business associations and businesses, officials from state agencies, overall more than 50 people. During the workshop the issues prescribed in the anticorruption strategy were discussed.

Besides a number of consultations about the strategy are being organized with the Ministries of Health and Education, Police, State revenue committee and with other state bodies.

**Strong mechanism for its coordination and monitoring**

As it was already mentioned during previous plenary meetings, the Governmental Decision N165-N of February 19, 2015 on “Establishing the Anti-Corruption Council and Expert task force, on approving the composition of the council and rules of procedure for the council, expert task force and anti-corruption programs monitoring division of the staff of the Government of the Republic of Armenia” provides monitoring and coordination mechanisms for the Anti-Corruption Strategy and action plan’s implementation including a set of performance indicators and for use of surveys and inputs from non-governmental organizations. The functions and the tools that the Council should use to set his objectives are clearly regulated by the mentioned Decision. The Anti-Corruption Programmes Monitoring Division acts as a permanent secretariat to the Anti-Corruption Council.

This Division is responsible for drafting monitoring reports on the implementation of the Anti-Corruption Strategy and its action plan. Regarding the experts that will provide necessary contribution to the division and will ensure the fulfillment of the tasks mentioned it should be emphasized that the International experts are already selected and the selection of local experts is in process. Moreover, the Anti-Corruption Programmes Monitoring Division has drafted the results of the monitoring of the actions for the year 2015 and 2015-2016. This report is available on the Government’s website.6

Concerning the use of surveys and inputs from nongovernmental organisations, it is worth to mention that the sittings of the Anti-corruption Council have become a platform in which the representatives of the NGOs are presenting the results of conducted surveys7. The Council discusses the presented surveys and the Chairperson gives appropriate recommendations to the relevant state bodies. Good examples of practical use of surveys see under recommendations 2, 3.

**Budget**

On February 5, 2016, the Government of the Republic of Armenia and the USAID signed an agreement on implementation of the “Support for implementation of Armenia’s anti-corruption strategy” program.8 The total cost of the program was USD 806.390, of which USD 749,110 for the reimbursement of expenses by the USAID, and USD 57,280 as beneficiary’s investment. The funds

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1 http://eunewsletter.am/eu-armenia-joint-fight-against-corruption/
3 6 http://gov.am/u_files/file/xorhurdner/korupcia/hashvetvutyun-1.pdf
4 http://gov.am/u_files/file/xorhurdner/korupcia/Protocol_2_ENG.pdf
5 http://gov.am/u_files/file/KORUPCIA%202015_06%20EV%2017_06_16.pdf
are targeting three objectives: establishment of an expert panel to work with the Anti-Corruption Council, launch of Armenia’s 2015-2018 anti-corruption strategy and finally, development and implementation of the anticorruption strategy with the stakeholders. It should be mentioned that this amount is totally sufficient for implementation of anticorruption policy in next 1-2 years. The abovementioned amount constitutes a part of the State budget.

The MTEF for 2017-2019 includes funds for the implementation of the Anti-Corruption activities. The Ministry of Justice has sent budgetary proposals for 2 activities included in the Anti-Corruption Action plan to the Ministry of Finance.

**Human and financial resources**

A new Department on Development of Anticorruption and Penitentiary policy has been established in the staff of the Ministry of Justice. The Department is composed of 2 divisions. One of them is named Anticorruption Policy Development Division, which includes 5 civil servants and 1 expert. Besides, the Head and the Deputy head of Department are also engaged in Anti-corruption issues. The Anti-corruption Monitoring division of the Government Staff is composed of 5 employees including the head of the Division. Funds for remuneration of the employees of the Anti-corruption department of the Ministry of Justice as well as of the employees of the Anti-corruption Monitoring division of the Government are budgeted in the MTEF. Moreover 2 international experts, as well as 4 local experts have been selected under USAID budget for providing support to the Anti-corruption Monitoring division of the Government Staff.

**Assessment of Progress - 17th Plenary: PROGRESS**

As regards the first part of the recommendation the government reported and CSOs confirmed that the dialogue with the civil society continued after the adoption of the policy documents as well (consultations regarding the strategy have been reported during the previous progress update). At the same time, NGOs express scepticism on whether it would be possible to build the support towards implementation of the anti-corruption strategy, given the general context in Armenia.

With regard to the coordination mechanism, Government reports about further increase of the staff of the monitoring division, the monitoring report prepared by the division (available online in Armenian) and creation and staffing of the new Anti-Corruption Unit under the Ministry of Justice of Armenia. In addition to the staff members, the Government recruited the international and local experts to support the monitoring and implementation of the policy. Allocating more resource to anti-corruption is positive, however, it is not clear how all these units/experts will coordinate among each other to deliver effective results. NGOs still evaluate coordination mechanism as weak.

Limited progress can be seen in relation to the third part of the recommendation - budget. The Government actively sought partnership with the donor organisations to obtain funding for implementation of the strategy, however, the recommendation requires allocation of funds to the anti-corruption programmes from the state budget. The national coordinator explained that the allocated amount becomes a part of the state budget.

**Recommendation 2: Surveys**

*In addition to general surveys, commission surveys for specific high risk sectors to help the development and monitoring of anti-corruption policy and measures.*

*Provide support to NGOs in their corruption research.*

*Use the results of the surveys commissioned by the government and conducted by the NGOs for the development of the new Strategy and for the monitoring of its implementation and publish them on the site of the anti-corruption council.*

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9 https://www.e-gov.am/gov-decrees/item/27248/
Government report

Commission of surveys for specific high risk sectors

During the last year the cooperation with civil society organizations has been enhanced. General surveys have been conducted in the sectors specified in the Anticorruption strategy. Thus, Transparency International has also conducted a research on corruption risk assessment in state-guaranteed medical assistance provided free of charge under privileged conditions.\(^\text{10}\) Open Society Foundations – Armenia has published a report on “Strengthening integrity and fighting corruption in education: Armenia”.\(^\text{11}\) The study was presented at a conference on "Strengthening integrity and fighting corruption in education: Armenia" organised on 27 November 2015 with the participation of civil society and education specialists.

In the field of higher education, starting from February 2015, the two-year Strengthening Integrity and Combating Corruption in Higher Education in Armenia project has been carried out with the support of the Council of Europe and the European Union aimed at improving the legislative and institutional systems in the field. The set objectives of the project are as follows: (a) raising awareness of corruption risks and strategies for strengthening integrity among major stakeholders of the project, as well as enhancing their knowledge of legislation, policy and experience in combating corruption; (b) drafting expert opinions and submitting them to the Ministry of Education and Science of the Republic of Armenia, based on the risk analysis of issues affecting the integrity of the field of higher education in the Republic of Armenia and in consultation with the major stakeholders. Within the scope of this project, experts of the Council of Europe have prepared the expert report on Risk Analysis of Factors Affecting the Integrity of the Armenian Higher Education System. A conference on "Strengthening Integrity and Combating Corruption in Higher Education in Armenia" was held on 16-17 November 2015 in Tsaghkadzor, during which the mechanisms for ensuring transparency in education, the challenges of and solutions for strengthening integrity in practice and combating corruption were discussed, as well as the above-mentioned expert report was presented. The mentioned study has been posted on the website of the Council of Europe Office in Yerevan.\(^\text{12}\)

Also, in accordance with point 3 of the 2015-2018 Action Plan for Implementation of the Anti-Corruption Strategy of the Republic of Armenia, in the first quarter of 2016, the draft 2016-2018 Anti-Corruption Action Plan in Education has been elaborated and submitted to the Government of the Republic of Armenia, covering the issues raised in the mentioned two studies with regard to corrupt practices, the corruption risks and the actions recommended for overcoming them. Currently, the mentioned draft is being revised, and independent experts from different non-governmental and international organisations are engaged in that process.

In addition to the above-mentioned initiatives, the following actions have also been carried out for combating corruption:

Within the scope of the "Engaged Citizenry for Responsible Governance" project of the Transparency International Anti-corruption Center (TIAC) non-governmental organisation, starting from October 2015, the one-year Corruption Risk Assessment in General Education of the Republic of Armenia project has been launched aiming to examine, identify and assess, in the field of secondary education, the quality of teaching at general education schools, the corruption risks existing in inclusive education and in the development and printing of textbooks;

In July 2016, the "Armenian Lawyers Association" non-governmental organisation held discussions

\(^{10}\) http://transparency.am/en/publications/view/128


\(^{12}\) https://rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentid=09000016804895e7
on anti-corruption topics in the city of Kapan of Syunik Marz, Republic of Armenia. One of the discussions covered the topic of "Corruption risks existing in education" and was held with the participation of representatives of general education schools, higher professional education institutions and non-governmental organisations as well as persons responsible in the field of education of Syunik Marz;

The Institute for Political and Sociological Consulting (IPSC) (www.ipsc.am) also conducted 2 sociological studies — "Students' lifestyle in RA and The Bologna Process evaluation" and "The needs assessment of the VET colleges Management Boards". The results of the studies were presented to the public in October-November 2015. In the first study, questions are raised with regard to corruption risks/corrupt practices, whereas the goal of the second study is to promote the development of secondary vocational education and training and to help raise the level of effectiveness of education management in Armenia.

Risk assessment is also being conducted in State revenues recruitment sphere. 13

The specific high risk sectors have been identified through observation of various researches and surveys. Particularly, Transparency international has conducted a research concerning corruption risks in defense system.14 The final report and suggestions were presented in both Preliminary session of Anticorruption Council and sitting of the Anticorruption Council.15 The representative of the “Investigative Journalists” NGO presented a report on “Ensuring legality of the alienation processes” and “Auction implementation process in local self-government bodies” during both events 16. Accordingly, the Chairperson of the Anticorruption Council/Prime Minister gave appropriate indications and orders to the Ministers based on the presented reports.17

**Support to NGOs**

The Government has cooperated with the NGO and has provided support to NGOs in their corruption research. Particularly, the representatives of the Government have travelled to various regions with the NGO to have meetings and reveal local issues.18 Two major meeting devoted to corruption issues in Business sector have been organized.19 The representatives of the Ministry of Justice, Ministry of Finance, Ministry of Economy, State Revenue Committee, State Commission for the Protection of Economic Competition and other state and private organizations. Through active workshops and discussions the most urgent issues were highlighted and again, presented during the sitting of the Anticorruption Council.

A special working group involving representatives of “Freedom of Information” NGO and Ministry of Justice has been established. The Working group has developed a Concept paper for modernization of freedom of information legislation.

As it was informed in previous report, on 23th of September, 2013 civil society-government partnership platform was launched. In the scope of that platform two working groups were set up by the orders N18-A and 19-A of the Minister of Justice, dated 22 January, 2016, directed to, respectively, observation of appropriateness of criminalization of illicit enrichment and appropriateness of current anticorruption institutional framework. Representatives of Armenian Lawyers’ association NGO, Protection of Rights without borders NGO and Freedom of information

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13 http://iravaban.net/en/130043.html#ad-image-0
15 http://gov.am/u_files/file/KORUPCIA2.pdf
16 http://gov.am/u_files/file/KORUPCIA2.pdf
17 http://gov.am/u_files/file/KORUPCIA2.pdf
NGO, as well as representatives of the Ministry of Justice are members of those working groups. The Working groups have worked intensively, met a number of times\(^{20}\) and developed Study on both appropriateness of criminalization of illicit enrichment and Institutional system. The working groups have met with the Minister of Justice, Minister-Chief of RA Government Staff. The final suggestions of the Working groups have been presented in the Preliminary session of Anticorruption Council, as well as during the sitting of the Anticorruption Council.\(^{21}\)

As you are aware, the Anti-corruption Strategy has been already adopted; the results of the surveys have been used during the elaboration of the strategy and now are being used for the monitoring of the strategy. Besides, all results of the surveys, researches and risk assessments were submitted to the Ministry of Justice and to the other stakeholders. Thus, the legislative packages on criminalization of illicit enrichment and on beneficial ownership were developed taking into consideration the suggestions of the Armenian Lawyers’ association NGO. Legislative package on conflict of interest was drafted based on the research and suggestions of Transparency International NGO. The suggestions of the Armenian Lawyers’ association NGO on Anti-corruption institutional framework are largely discussed in the Ministry of justice, and currently are being used in the process of discussing the need of establishment of a new institutional framework.

**Using the results of the surveys**

On 25 November 2015 a donor coordination meeting on the fight against corruption was organized by the Ministry of Justice with financing of the European Union Delegation and with participation of all stakeholders (State bodies, international organizations such as European Union, Council of Europe, OSCE, USAID, different Embassies, NGOs). Important measures undertook on 2015 were presented during the meeting.\(^{22}\) The issues regarding the implementation of the Anti-corruption Strategy and its Action Plan were discussed during the meeting. Afterwards, representatives of donor organizations also presented their reports and recommendations for implementation of the anti-corruption strategy action plan.

The results of the surveys are published on the sites of the Government and the Ministry of Justice.

**Assessment of Progress - 17th Plenary: PROGRESS**

The government reported about various studies conducted by non-governmental partners and examples of using them in practice: the study conducted by the Open Society Institute on corruption risks in education sector was used in developing anti-corruption action plan for education; the findings of the TI Armenia’s research were presented at the Anti-Corruption Council session; the study of AYLA on illicit enrichment was presented at the Council session as well and used to develop draft legislation on criminalization of illicit enrichment; the work of an NGO FOICA on freedom of information resulted in changes of legislation. Thus, although the government has not commissioned corruption studies, it has used the work of the non-governmental organisations during the reporting period.

Additionally, government cited various platforms and working groups for cooperation with NGOs which have continued to operate in the reporting period such as a working group on freedom of information. TI Armenia reported about creation of the working group to study corruption risks in Police.

Armenia should further demonstrate its efforts to commission studies in the corruption-prone areas and use the results in developing sectoral measures as well as monitoring implementation of the

\(^{20}\) [http://moj.am/article/1535](http://moj.am/article/1535)
\(^{21}\) [http://moj.am/article/1473](http://moj.am/article/1473)
\(^{22}\) [http://moj.am/article/1470](http://moj.am/article/1470)
\(^{21}\) [http://gov.am/u_files/file/KORUPCIA2.pdf](http://gov.am/u_files/file/KORUPCIA2.pdf)
\(^{22}\) [http://eunewsletter.am/eu-armenia-joint-fight-against-corruption/](http://eunewsletter.am/eu-armenia-joint-fight-against-corruption/)
Recommendation 3: NGO participation and awareness raising

*Provide broader opportunities for the NGOs to participate in the Anti-Corruption Council.*

*During the launch of the new Strategy organise a public awareness campaign to send a strong message from the government to the citizens about intolerance of corruption.*

*Support the implementation of the new Strategy with a regular public information campaign about practical solutions, rights and duties of citizens when facing corruption.*

17<sup>th</sup> ACN Plenary Meeting, September 2016

**Government report**

**Participation of NGOs**

Currently, the NGOs actively participate, present the results of conducted surveys, and discuss the anticorruption related issues with the members of the Council. Thus, during the sitting of the Anti-Corruption Council held on 28 December 2015, the expert of the Transparency international anticorruption center presented the report titled "Private sector and fight against corruption". Following the discussions, it was decided: (1) to take into consideration the presented report; (2) to assign the Ministry of Economy of the Republic of Armenia, the Ministry of Finance of the Republic of Armenia and the Ministry of Justice of the Republic of Armenia, the "National Centre for Legislative Regulation" Project Implementation Unit of the Staff of the Government of the Republic of Armenia to continue submitting recommendations on simplification of administration; (3) to attach importance to the implementation of risk assessment in the area of state revenue collection and that of necessary measures resulting from that assessment within the shortest time possible.

During the sitting of the Anti-Corruption Council held on 15 and 17 June, 2016 the head of the Anti-Corruption coalition presented several reports, such as on "Introducing a new anti-corruption institutional system", "Representing the issue relating to the introduction of the institute of true owners in public procurement sector and the imposition of a ban on participation in public procurement from offshore zones", "Representing studies on criminalisation of illicit enrichment". Other representatives of the NGOs also presented their reports and results of surveys. Thus, the representative of the "Transparency International Anti-corruption Center" NGO presented the global study on risk assessment in the system of defence of the Republic of Armenia within the framework of "Government Defence Anti-Corruption Index 2015", the representative of the "Investigative Journalists" NGO presented researches on "Ensuring legality of the alienation processes" and "Auction implementation process in local self-government bodies". The fact that NGOs are not member to the Council, does not mean that they are not actively participating in the meetings and influencing the decision making process. De jure the NGOs are not members, but de facto they act as members (except voting right).

**Strong message from the government to the citizens about intolerance of corruption**

Taking into consideration the results of the presentations of the NGOs, the Chairperson of the Council orders to the State bodies to take appropriate measures for solving presented problems. The sittings of the Anti-corruption Council are widely covered by media. During the last year the President of Armenia, the Prime-minister, Minister of Justice has given speeches strictly

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condemning corruption so that a strong message from the government was sent to the citizens about the fight against corruption.26

Public information campaign

On 6 and 7 of May, 2016 the Ministry of Justice of the Republic of Armenia and GIZ organized a program for legal training of Journalists.27 The latest developments in the field of fight against corruption, recommendations of international organizations, as well as excising issues were presented to media representatives. Special sessions were devoted to issues in judicial procedures and interpretation of ECHR Judgments. The head of Personal data protection agency of the Ministry of Justice presented the freedom of information and personal data protection legislation and practice. The deputy Ministers of Justice, anticorruption expert from Transparency International, Representative of GIZ, and the Head of Freedom of Information non-governmental organization were among the lecturers. The representatives of media met the Minister of Justice and discussed common interest corruption issues.

On May 28 and 29 the Armenian lawyers association with the support of OSCE, EU, and Ministry of Justice organized a workshop on “Corruption risks in business sector in Armenia: The problems recorded and future plans”.28 Representatives from the Ministry of Justice, Ministry of Finance, Ministry of Economy, and the State Commission for The Protection of Economic Competition, State Revenue Committee, as well as members of various business associations, non-governmental organizations and independent experts were present in the workshops. The existing gaps in the field of customs, tax and competition protection sectors were discussed and future priority plans were listed. The Government cooperates with various business protection NGOs, representatives of the ministries participate in conferences and workshops organized by the mentioned NGOs.

Public information campaign about practical solutions, rights, duties of citizens when facing corruption is regularly organized. The Government publish reports on undertaken anti-corruption measures, the sittings of the Anti-corruption Council are widely covered by media, different TV programs on mentioned issues are being organized. The Minister of Justice is regularly presenting to the public updates on anticorruption practical solutions.29

Assessment of Progress - 17th Plenary: PROGRESS

Broader opportunities for NGO participation in the anti-corruption policy have been provided by the government during the reporting period. Although civil society is still not represented in the Council, the active NGOs are invited, they are taking part and presenting at the meetings of the Anti-corruption Council, their recommendations are being considered.

With regard to the public awareness and anti-corruption education, government reported about targeted awareness raising activities for journalists and businesses.

In the future, Armenia should demonstrate the progress in addressing the membership criteria for the Council and how the implementation of the anti-corruption strategy is strengthened with the adequate public awareness campaigns.

Recommendation 4: Anti-corruption institutions

Ensure that the Anti-Corruption Council leads the coordination of the Anti-Corruption Strategy and its monitoring, regularly informs the state bodies and the public about progress and challenges in

27 http://moj.am/en/article/1524
its implementation and takes measure to strengthen the implementation where necessary.

Provide the permanent secretariat for the coordination and monitoring of the Anti-Corruption Strategy with a clear mandate for coordination and monitoring of anti-corruption policy and with the human and financial resources necessary for effective and independent work.

Strengthen the capacity of state bodies to develop and implement sectoral anti-corruption measures, provide them with analytical and methodological support, ensure coordination between the anti-corruption focal points and ethics commissions in the state bodies and with the law-enforcement bodies.

Establish a donor coordination mechanism to ensure effective support of the donors to the implementation of the Anti-Corruption Strategy and other anti-corruption, integrity and good governance programmes.

17th ACN Plenary Meeting, September 2016

Government report

Leading the coordination

Having performed its activities only one year, the Anti-Corruption Council proved to have a leading role in coordination of the Anti-Corruption Strategy and its monitoring.

As it was mentioned in the previous progress updates, according to the Governmental Decision N165 of February 19, 2015 on Establishing Anti-Corruption Council and expert task force, on approving the composition of the council and rules of procedure for the council, expert task force and anti-corruption programs monitoring division of the staff of the Government of the Republic of Armenia, the Council is coordinating the implementation of actions arising from the anti-corruption strategy, exercising control over the anti-corruption strategy and sector-specific programs, considering the results of evaluation (monitoring) of anti-corruption programs, and submitting recommendations to the responsible bodies on the basis of reports summarized by the Task Force. The recommendations of the Council submitted to the responsible bodies on the basis of reports summarized by the Task Force are being realized through decisions of the Government of the Republic of Armenia, legal acts adopted by the Prime Minister of the Republic of Armenia or the responsible bodies. The recommendations of the Council also serve as a basis for legal acts of the National Assembly of the Republic of Armenia and of local self-government bodies.

All the interested NGOs are always invited and actively participate in the sittings of the Council, which is an evidence of its leading role.30

The Anti-Corruption Council met on 28 December 2015, as well as on 15 and 17 June, 2016. The results of execution of assignments given during the first sitting of the Anti-Corruption Council were presented during the December's sitting. The Statement on implementation of Anti-Corruption Measures of the Staff of the Government for the Anti-Corruption Strategy of the Republic of Armenia for 2015 and 2015-2016 is published on the official website of RA Government. The Council regularly informs the state bodies and the public about progress and challenges in implementation of the Anti-Corruption Strategy and takes measure to strengthen the implementation where necessary.

Permanent secretariat

As it was previously mentioned, the Governmental Decision N165-N of February 19, 2015 provides monitoring and coordination mechanisms of the Anti-corruption Strategy. According to the Decree the Council is supported by a standing Task Force of independent experts. The Task force supports

30 http://gov.am/u_files/file/KORUPCIA2.pdf
the elaboration of the Strategy and the development of sector specific anti-corruption programmes, carries out monitoring, evaluation of programmes, summarises the reports on the implementation of programmes, draws up reports and submits recommendations to the Council, etc. International experts of the Task force are already selected and the selection of local experts is in process. The experts will provide necessary contribution to the Anti-corruption Programmes Monitoring division and will ensure the fulfilment of the tasks mentioned. The logistic and organisational support of the Commission activities is provided by the Staff of the Government of the Republic of Armenia through a Monitoring Division set up under the Staff. The Monitoring Division acts as a permanent secretariat to the Anti-Corruption Council. The Decree defines also the main functions of the Monitoring Division. The Monitoring division is composed of 5 employees (including head of division). Funds for remuneration of the employees of the Anti-corruption Monitoring division of the Government are budgeted in the MTEF. Moreover, on February 5, 2016, the Government of the Republic of Armenia and the USAID signed an agreement on implementation of the “Support for implementation of Armenia’s anti-corruption strategy” program. The total cost of the program was USD 806.390, of which USD 749,110 for the reimbursement of expenses by the USAID, and USD 57,280 as beneficiary’s investment. The funds are targeting three objectives: establishment of an expert panel to work with the council on the fight against corruption, launch of Armenia’s 2015-2018 anti-corruption strategy and finally, development and implementation of the anticorruption strategy with the stakeholders.

Anti-corruption Programmes Monitoring Division has drafted the results of the monitoring of the actions for the year 2015 and 2015-2016. This report is available on the Government’s website.

**Capacity of state bodies**

A program on support to the establishment and operation of the ethics commissions in the state bodies was developed and is being conducted with the financing of the World bank. The project reviews the features of the establishment and operation of the ethics commissions and anti-corruption state bodies in the public institutions, the existing problems were revealed, the solutions were presented, trainings were organized and conducted for representatives of ethics committees. Training have been organized and conducted by the World bank and Italian National School of Public Administration. Thus, on June 27, 2016 a workshop for anti-corruption focal points from Armenia’s public administration was organized. About 30 participants from the Government and the World Bank attended the event. Topics discussed included the need to establish a program for anti-corruption learning platforms through the creation of a community of practice of anti-corruption focal points who can share knowledge and experience and provided the focal points with an introduction to risk management principles, frameworks and processes.

In the view of insuring the implementation of the “Anti-corruption strategy of the Republic of Armenia and action plan for its implementation for 2015-2018” adopted on 25 September, 2015 by RA Government decision N1141-N, order N2950-A of the head of Police of the RA dated December 3, 2015 was signed which envisaged the timetable of the police activities. At the same, based on the analysis of the relevant corruption risks in the view of rendering service to the citizens a working group which consists of the officers from General Department of Combating Organized Crime of Police of the RA, Public Order Protection Department, Passports and Visas Department, Internal security, General Department of State Protection, Legal Department, as well as Traffic Police service of Police of the RA and Educational Complex of Police of the RA was set up by the order N234-A of the deputy head of Police of the RA dated February 9, 2016 to elaborate an anti-corruption program in the police.

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33 https://www.facebook.com/WorldBankArmenia/photos/a.972745236141807.1073741828.972728842810113/1051038848312445/?type=3&theater
Donor coordination

On 25 November 2015 a donor coordination meeting on the fight against corruption was organized by the Ministry of Justice with financing of the European Union Delegation and with participation of all stakeholders (State bodies, international organizations such as European Union, Council of Europe, OSCE, USAID, World Bank, different Embassies, NGOs). Important measures undertaken in 2015 were presented during the meeting. The issues regarding the implementation of the Anti-corruption Strategy and its Action Plan were discussed during the meeting. Afterwards, representatives of donor organizations also presented their reports and recommendations for implementation of the anti-corruption strategy action plan.

Assessment of Progress - 17th Plenary: PROGRESS

In relation to the first part of the recommendation, Plenary noted the increased visibility and activity of the Council, meetings are held more systematically and the information is available online, however more needs to be done in order to ensure leading role of the Council in coordination as well as strengthen its monitoring functions.

Staffing of the secretariat has increased slightly and the new unit was created in the Ministry of Justice with some anti-corruption tasks. However, the NGOs still assess existing mechanism as weak. The next monitoring should assess whether increased human and financial resources are sufficient for efficient and independent work of the Council.

Measures are insufficient in relation to the third part of the recommendation. While the cooperation with the Police on sectoral plans is a positive development, more needs to be done in relation to providing methodological guidance to the state bodies and making efficient use of the contact points/ethics commissioners in the line ministries.

Attempts to coordinate donors are also positive and further encouraged. However, the donor coordination is now limited to the meetings, no viable mechanism has been set up so far.

PILLAR 2: CRIMINALISATION OF CORRUPTION

Recommendation 5: Criminalisation of corruption

Without further delay introduce liability of legal persons for corruption offences (criminal, administrative or civil) in line with international standards and enable law enforcement to effectively pursue corruption cases that involve legal persons.

Bring provisions on the offence of the trading in influence in full compliance with international standards.

Develop training curricula and organize training sessions for investigators and prosecutors with regard to detecting, investigating and prosecuting of bribery offences, when the bribe was merely offered or promised, as well as cases of trading in influence, and develop guidelines for investigators, prosecutors and judges on application of these offences.

Facilitate the detection and investigation of newly introduced provisions and new elements of the previously existing corruption offences by:

(i) increasing pro-activeness of the law enforcement and prosecution authorities notably through an increased use of analytical tools;

(ii) using more actively other detection tools in addition to intelligence information gathered by law enforcement, such as media reports, information received from other

34 http://eunewsletter.am/eu-armenia-joint-fight-against-corruption/
**Government report**

**Liability of legal persons**

As it was previously mentioned the Draft of new Criminal Code defines criminal liability for legal persons. Thus, the 127th Article of the Draft Code states that the legal persons that are established in accordance with Armenian legislation, international organizations, companies as well as the legal persons which are established in accordance with foreign law or its separate subdivision are subject for criminal liability. The whole 7th Section with two Chapters (20th and 21st) of the Draft Criminal Code is dedicated to the issues regarding criminal liability of legal persons and the types of punishment which will be implied against the legal persons.

The Draft Criminal Code has been presented to the Presidential office on 25, July, 2016, and is in its final phase of discussion.

**Trading in influence**

A study on compliance with international standards of provisions on the offence of the trading in influence has been conducted by the OSCE expert and on the initiative of the Ministry of Justice in 2016. The study was presented to the authorized bodies. Besides, the issue regarding the compliance with international standards of provisions on the offence of the trading in influence is being discussed within the scope of development of new Criminal Code.

**Training**

In the scopes of CoE/EU Eastern Partnership Programmatic Co-operation Framework Regional project on “Fight against corruption and fostering good governance; fight against money laundering” a training curricula is being developed for the investigators and prosecutors.

As we have already informed, since January, 2015, the investigators of Investigation Committee and the investigator candidates take trainings in the Academy of Justice. The following courses were organised by the Academy of Justice in 2016:

- "Current issues on methodology of criminalistics" and "Current issues on tactics and methodology of criminalistics". The courses were envisaged for persons included in the list of candidacies for investigators and prosecutors. The courses covered, among other issues, the methodology for the investigation of crimes against state service, in particular, criminal law and criminalistic characteristics of crimes against state service, as well as the methodology for the investigation of cases of giving a bribe.

- "Current issues of criminal law". The course was envisaged for judges, prosecutors, investigators, as well as persons included in the list of candidacies for investigators and prosecutors. The course covered issues on the constitutionality of specific provisions concerning the offence of receiving a bribe (the issue of compliance of the expression "or demanding or accepting a promise or an offer to be granted" referred to in part 1 of Article 311 of the Criminal Code of the Republic of Armenia with the Constitution of the Republic of Armenia); the distinction between the offences of giving a bribe and bribery through intermediaries (major issues of correct criminal law characterisation of criminal acts in the case of fraud accompanied by incitement to giving a bribe, the content of the offences of giving a bribe and bribery through intermediaries); the content of the offence of official negligence.

- "Current issues of the fight against corruption". The course was envisaged for investigators of the
Special Investigation Service. The course covered issues on corruption phenomena; the overall state of the fight against corruption in the Republic of Armenia; legal (domestic and international, including the Recommendations of the Council of Europe's Group of States against Corruption (GRECO) and the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)) and institutional frameworks (domestic and international, including the activities of GRECO and MONEYVAL) of the fight against corruption; participation of other relevant parties concerned (non-governmental organisations, mass media) and measures undertaken by the state in the field of criminal law. The issues covered also include the characterisation of corruption offences — general description of official crimes against state service; issues of the constitutionality of specific provisions concerning the offence of receiving a bribe (the issue of compliance of the expression "or demanding or accepting a promise or an offer to be granted" referred to in part 1 of Article 311 of the Criminal Code of the Republic of Armenia with the Constitution of the Republic of Armenia); distinction between the offences of giving a bribe and bribery through intermediaries (major issues of correct criminal law characterisation of criminal acts in the case of fraud accompanied by incitement to giving a bribe, the content of the offences of giving a bribe and bribery through intermediaries); content of the offence of official negligence.

During the abovementioned period the Department for improvement of Investigative Works Organization of the RA Special Investigation Service organized workshops every Friday with the presence of all the Service investigators on modern legal issues /included anti-corruption combat methods, measures and improvement of investigation/. Investigators were provided by notices as well as by methodological letters with problem resolution proposals arising in practice drafted by the mentioned Department. The Service took part in various symposiums, seminars, conferences, courses and trainings which were mainly devoted to the effective investigation of statements on torture and ill-treatment and right to life, prevention and combating crimes of corruption and official ones.

With a view of enhancing the professional competence of investigators in the course of investigation of corruption offences, investigators having been specialised in investigation of cases on corruption offences were designated within the General Department for Investigation of Particularly Important Cases of the Investigative Committee of the Republic of Armenia.

Within the framework of the TAIEX Instrument, a delegation from the Investigative Committee of the Republic of Armenia was on a study visit to Brighton, United Kingdom on 8-17 November 2015. Within the framework of the mentioned event visits were organised to various units of the Sussex Police which were specialised in investigation (detection), operational intelligence, training, corruption and cyber crime investigation,. acceptance of reports on incidents, expertise, during which the peculiarities of the scope of activities and the capacities thereof were studied. Besides, a number of legal and organisational issues were discussed during the meetings with the Chief Police Officer of Brighton, officers of the Organised Crime Unit, site manager and individual detectives and police officers. It is worth mentioning the effectiveness of practical operation of individual mechanisms. Of particular interest was the specialisation of investigators or a group of investigators according to gravity and types of crimes, categories of crimes, method of conducting investigation, types of investigative activities, etc.

The Investigative Committee of the Republic of Armenia has, in the course of its activities, adopted a principle as of which the effectiveness of fighting against corruption offences first of all implies ensuring a deep, comprehensive and objective investigation of cases, disclosure of criminal incidents and all participants of crime, detection and differentiation of all related criminal acts, insisting on higher standards for investigations, ensuring a quality level of preventive works, smart and skilful co-operation between various intra-agency services and law enforcement bodies, as well as disclosure of reasons and conditions contributing to the committal of crimes and equivalent use of counteractions so that with their professional tricks and enhanced level they would surpass the
methods of committing crimes. In this regard, it is also worth mentioning the availability of a scientific-based and unified methodology of investigating corruption offences and exercising supervision thereon, which has been highlighted many times during discussions on the mentioned topic.

Research and Training Centre of the State Revenue Committee of the Government of the Republic of Armenia provides annual training courses for tax and customs officials (including investigators and inquest officials) of the State Revenue Committee of the Government of the Republic of Armenia, according to the specific nature of their profession.

Detection and investigation

On 10 December, 2015 the Council of Europe MONEYVAL Committee adopted the 5th Round Mutual Evaluation Report of Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) Measures of Armenia, providing detailed analysis of Armenia’s AML/CFT system\(^{35}\). According to the Report, Armenia has a broadly sound legal and institutional framework to combat ML/FT. Effective cooperation between the FMC (as the main source of intelligence for ML/FT purposes) and other LEAs constitutes a strong point in the system. The FMC and the relevant law enforcement bodies are very active in exchanging information in the course of criminal investigations. Co-operation is mutual, which adds value to the operational chain of the system, and is based on spontaneous or “on request” flows of information. A positive feature of the system is that information requested from the FMC is delivered in an analytical format, rather than as raw data. High level of effectiveness in gathering financial intelligence was specifically emphasized.

In the meantime, need for further improvements in the use of financial intelligence when pursuing ML investigations was identified. In this respect, on 15 April, 2016 the Interagency Committee on Combating Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction\(^{36}\) adopted an Action Plan for addressing deficiencies identified in the Report, providing for the development of a Guideline on ML investigations, as well as organization of on-going specialized trainings for LEAs, including on the use of financial intelligence.

In the scope of continuous measures aimed to enhance operational co-operation between the LEAs and the FMC, in March 2016 the Special Investigative Service joined the Integrated Information System (IIS), along with other LEAs already involved in the IIS\(^{37}\). The System was introduced in 2014 and ensures information exchange in a secure environment and provides online shared access (subject to agreed permissions) to other AML/CFT intelligence available to the users of the IIS.

Within its mandate to promote anti-corruption reforms in Armenia the OSCE Office is providing and facilitating capacity-building assistance to the RA Government in realization of tasks regarding criminalization of corruption. The experienced researchers ought to conduct a comprehensive research on international best practices of policies, structures and practices related to sanctions for a corrupt conduct; and with international best practices draft an action plan aimed at putting the institutional arrangements ensuring the facilitation of the detection and investigation of newly introduced provisions and new elements of the previously existing corruption.

**Assessment of Progress - 17th Plenary: PROGRESS**

The work on the draft Criminal Code providing for liability of legal persons for corruption offences advanced since the previous progress update. The draft was presented to the President’s administration. In relation to the second part of the recommendation, the government reported about the study carried out with the support of the OSCE, showing that the work has been initiated.

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\(^{36}\) The Interagency Committee is responsible for developing national co-ordination and co-operation arrangements in the AML/CFT field.

\(^{37}\) In particular, the National Security Service, Police, Interpol, Real Estate Cadastre, State Register, General Prosecutors Office, Ministry of Finance and the Compulsory Enforcement Service
for bringing trading in influence offence in compliance with international standards. Government also reported about the trainings on methods of investigation including on new forms of bribery, however, details on number participants, agenda etc., have not been provided. NGOs noted the new training course addressing the recommendation taught at the Academy of Justice. Some positive developments have been reported in relation to investigation of the money laundering offence including good cooperation among financial monitoring service and the law enforcement, however, this is not directly relevant to the third part of the recommendation which concerns increased proactiveness of the law enforcement to detect and investigate newly introduced corruption offences. Thus, in sum, limited progress can be noted in relation to this recommendation.

**Recommendation 6: Immunities**

*Ensure that immunity procedures do not impede successful investigations and prosecutions of corruption cases.*

**17th ACN Plenary Meeting, September 2016**

**Government report**

The issue of deprivation from immunity for criminal prosecution of persons possessing that immunity is largely discussed with the investigative organs, as well as with General Prosecutor’s office of RA.

The analysis of the actual legislation of The Republic of Armenia indicates that in criminal procedure (including corruption cases) the deprivation mechanisms can be utilized to ensure comprehensive, full and objective investigation.

It is important to indicate that there were legislative amendments on this issue. Especially, on December 6, 2015 amendments to the Constitution of the Republic of Armenia were introduced through a referendum. Some provisions were changed connected with the immunity enjoyed by different officials.

**Immunity of parliamentarians**

The 66th article of previous Constitution reads as follows:

“(…) Deputies(Parliamentarians) may not — during the term of their powers and thereafter — be prosecuted and subjected to liability for actions deriving from their status of deputy, including for any opinion expressed in the National Assembly, unless it contains defamation or insult.

Deputies may not be involved as an accused, detained, nor may a matter on subjecting them to administrative liability through judicial procedure be initiated without the consent of the National Assembly.

Deputies may not be arrested without the consent of the National Assembly, except for cases when the arrest is effected at the moment of committing a crime. In this case, the Chairperson of the National Assembly shall be informed promptly.”

Accordingly, a respective regulation is provided in the 96th article of amended Constitution:

“1. During and after the term of his powers, a parliamentarian may not be prosecuted and held liable for the voting or opinions expressed in the framework of parliamentarian activities.

2. Criminal prosecution of a parliamentarian may be initiated only with the consent of the National Assembly. Without the consent of the National Assembly, a parliamentarian may not be deprived of liberty, unless caught at the time of or immediately after committing a crime. In this case, the deprivation of liberty may not last longer than 72 hours. The Chairman of the National Assembly shall be notified immediately of the parliamentarian’s deprivation of liberty.”

Thus, the way of the interpretation of immunity of a parliamentarian stipulated by previous Constitution is broader than the one with the amendments of 2015.

The complicated procedure for administrative liability of parliamentarian through judicial procedure
has been changed as this procedure is no longer considered as a component of parliamentarian immunity. Moreover, the amendments of 2015 of the Constitution provide broader opportunity for investigation and prosecution of criminal cases involving parliament members. Immunity of parliamentarians can be lifted in 2 cases: with the consent of the National Assembly; or if a parliamentarian is caught at the time of or immediately after committing a crime. Article 98 of the law on “Rules of Procedure of the National Assembly” (it hasn’t been complied with the amended constitution yet) regulates the procedure of getting the consent of the National Assembly:

“1. The motion on giving consent to arresting a deputy, involving him/her as accused, remanding him/her in custody or subjecting him/her to administrative liability by a judicial procedure is submitted by the Prosecutor General to the Chairperson of the National Assembly, who immediately notifies the deputy of this and ensures that the motion is distributed to the Deputies in the building of the National Assembly (...) 4. The resolutions of the National Assembly on giving consent to arresting a deputy, involving him/her as accused, remanding him/her in custody or subjecting him/her to administrative liability by a judicial procedure are adopted by secret ballot and by the majority of the number of the voting Deputies if more than half of the total number of the Deputies have voted.”

Accordingly, the immunity of the parliamentarian can be surpassed by a simple majority of votes. Secrecy of the procedure of the voting is guaranteed, which is an important step to ensure the overweight of the criminal procedure to the political interests.

Immunity of judges and members of the Constitutional Court
The 97th article of previous Constitution stipulated: “...Judges and members of the Constitutional Court may not be detained, involved as an accused, nor may a matter on subjecting them to administrative liability through judicial procedure be initiated, without the consent of the Council of Justice or the Constitutional Court, respectively. Judges and members of the Constitutional Court may not be arrested, except for cases when the arrest is effected at the moment of committing a crime or immediately thereafter. In such cases, the President of the Republic and the Chairperson of the Court of Cassation or the Chairperson of the Constitutional Court, respectively, shall be promptly informed about the arrest.”

The 164th article of the Constitution with amendments reads as follows:
“(...) 2. A judge may not be held liable for opinions expressed or judicial acts rendered in the course of administering justice, unless features of a crime or disciplinary offence are present. 3. With respect to performance of his duties a judge of the Constitutional court may be criminally prosecuted only with the consent of the Constitutional Court. With respect to performance of his duties a judge of the Constitutional court may not be deprived of liberty without the consent of the Constitutional court, except when caught at the time of or immediately after the commission of a crime. In this case, deprivation of liberty may not last longer than 72 hours. The President of the Constitutional Court shall be immediately informed when a judge of the Constitutional Court has been deprived of liberty. 4. With respect to the performance of his duties, a judge may be criminally prosecuted only with the consent of the Supreme Judicial Council. With respect to the performance of his duties, a judge may not be deprived of liberty without the consent of the Supreme Judicial Council, except when caught at the time of or immediately after the commission of a crime. In this case, deprivation of liberty may not last longer than 72 hours. The President of the Supreme Judicial Council shall be immediately informed when a judge has been deprived of liberty.”

Summarizing abovementioned we can conclude that the immunity rules of judges has also been limited:
1. The procedure of getting consent is easier now, as the President of the Republic is no longer competent,
2. If the act contains features of a crime or disciplinary offence, a judge may be held liable for
opinions expressed or judicial acts rendered in the course of administering justice. In this case he doesn’t enjoy immunity.

3. Judges and the members of the Constitutional Court enjoy immunity as long as they act as a judge and while performing their official duties. This means that they can be prosecuted and held liable only for actions arising from their status.

Besides, Judicial code and the law of the Republic of Armenia on the constitutional court (they haven’t been complied with the amended constitution yet) regulate the procedures of getting the consent:

Article 111 of Judicial code of RA regulates the decision making procedure by Justice Council on consenting to order a disciplinary sanction against a judge, detain a judge, involve a judge as a defendant, or order a judicial administrative sanction against a judge.

According to the article 11 of the law of the Republic of Armenia on the constitutional court deprivation of the immunity of the members of Constitutional court can occur only with the consent of the Constitutional Court and the body that has appointed him/her, i.e. the National Assembly and the President. The consent of the Constitutional Court is given as a Resolution, the consent of the National Assembly is provided as a Decision of the National Assembly and the consent of the President as a Decree.

The Constitution, the Criminal Procedure Code and RA law “On Operative-intelligence activities” don’t separate the persons possessing immunity in the provisions regulating the investigatory actions implementation. For example, Article 29 of the law “On Operative-intelligence activities” provides the possibility to do the investigative action of ensuring financial data accessibility and covert monitoring of financial transactions, which must be considered as an effective way of detection of corruption-related crimes. Accordingly, the legislation ensures comprehensive, full and objective investigation towards these persons.

Besides, The 136th and 295th articles of the Criminal Procedure Code of RA regulate the procedure of obtaining the consent of appropriate authorities by the prosecutor and the suspension of criminal proceedings in the cases of persons possessing immunity for criminal prosecution.

Summarizing, as well as taking into consideration the opinion of the investigators and prosecutors, we can conclude that although the legislation provide some officials with the immunity, it doesn’t impede the full and objective investigation of criminal cases as it also provides relevant procedures which enable investigation bodies to overcome the obstacles connected with the immunity by the way of getting consent of bodies demanded by law. After doing this, they can easily apply all the necessary measures to ensure comprehensive, full and objective investigation. So after losing the immunity these officials lose their preferential status and can be treated as a common persecuted person.

**Assessment of Progress - 17th Plenary: PROGRESS**

Government reported that the newly adopted constitutional changes introduced functional immunities for MPs and Judges. In the future, the practical implementation should be observed to conclude that immunities do not constitute obstacle for efficient investigation and prosecution of corruption cases.

**Recommendation 7: Bank secrecy and complex financial cases**

Examine the rules applicable to the lifting of bank secrecy and access to financial and commercial records in the course of financial investigations and the manner in which they are currently applied, to ensure that the process is simple and consistently implemented and that it does not impede investigators’ and prosecutors’ ability to pursue complex corruption crimes.

Train investigators and prosecutors on investigations and prosecutions of complex financial cases, and take steps to ensure that such investigations are conducted whenever appropriate and that adequate human and financial resources are allocated, including the availability of expertise in
Government report

Rules applicable to the lifting of bank secrecy and access to financial and commercial records

50 appeals by the criminal cases in the proceedings of the Special Investigation Service were presented to the court to get information comprising notarial and bank secrecy which were all satisfied.

Procedure for getting information comprising notarial and bank secrecy under current legislation, particularly the legislative requirement to get it in regard to a suspect or accused, often deprives the investigator of the opportunity to organize and carry out effective urgent investigative actions by the cases where the primary issue is to identify person who committed the crime. Furthermore, current legislative formulation creates obstacles for getting information comprising notarial and bank secrecy in cases referred to legal entity, even when an employee carrying out management functions is being involved as an accused in criminal case, the court may sometimes reject the appeal to get information comprising bank secrecy of the organization.

Position expressed by the RA Court of Cassation within the precedential decision of August 15th by the EKD/0223/07/14 criminal case/ had a positive impact on simplification of procedure for getting information comprising bank secrecy referred to legal entity in legal practice.

Particularly, RA Court of Cassation concluded that interpretation of provision enshrined in the Article 172, part 3.2 of the RA Criminal Procedure Code according to which upon the court’s decision solely information on bank accounts of a suspect or accused may be received, inappropriately narrows the scope and content of this legal provision. Such an interpretation does not correspond with tasks assigned to judicial (investigative) procedures, it substantially limits their role and significance within the frameworks of criminal proceedings. As a result, public interest is unjustifiably subordinated by private interest in crime disclosure (fight against crime). Analysis of the concept "on involving person in the criminal case as a suspect or accused" found in the Article 172, part 3.2 of the RA Criminal Procedure Code, comes to state that it does not solely refer to a suspect or accused but also to information comprising notarial or bank secrecy referring to a legal entity directly involved in a criminal offence(s) he is charged with if there is a reasonable assumption that actions of the legal entity were partly or completely controlled, governed or by any other means were actually guided by the suspect or accused.

It is to mention also, that the Ministry of Justice has organized a study of international practice concerning the legal regulation of the rules applicable to the lifting of bank secrecy and access to financial and commercial records in the course of financial investigation. The results of the study will be analysed and used during the perfection of the legislation.

Training

Throughout the year 2015, within the scope of the annual training programme for prosecutors, the Deputy Head of the Department for Corruption Offences and Crimes against Economic Activity of the Prosecutor General’s Office of the Republic of Armenia conducted training courses on “Peculiarities of qualifying and investigating corruption offences and crimes against economic activity”, during which complex criminal cases of corruption offences and crimes against economic activity were presented and discussed, as well as peculiarities of making decisions on calling for forensic audit, forensic economic expert examinations and the questions posed to the experts were touched upon.
**Assessment of Progress - 17th Plenary: PROGRESS**

Although no legislative changes have been introduced to modify the bank secrecy regulations, Government reported that following the RA Court of Cassation decision taken in the reporting period, the regulations are interpreted broadly due to the precedential value of the court decision. Thus, existing rules no longer impede investigators’ and prosecutors’ ability to pursue complex corruption crimes. However, no details were provided about the practice. This issue has to be examined further to check how the provisions are applied in practice.

Additionally, Armenia reported that trainings on complex corruption offences were provided to the Armenian prosecutors. However, no details were provided (number of trained professionals, agenda, days, satisfaction with the training). These trainings did not seem to include investigators.

**Recommendation 8: Investigation and prosecution of corruption**

*Strengthen anti-corruption specialization within law enforcement and prosecutorial bodies.*

*Foster cooperation between law enforcement bodies and control bodies in detecting, investigating and prosecuting corruption-related offences.*

*Encourage the criminal investigation and prosecution bodies to approach the corruption phenomenon in a more targeted and proactive manner, aiming at persons among high level officials, main risk areas in public administration and economy.*

**17th ACN Plenary Meeting, September 2016**

**Government report**

The Department of the Prosecutor General’s Office of the Republic of Armenia specializing in corruption offences and crimes against economic activity always closely co-operates with all inquest and preliminary investigation bodies conducting proceedings in relation to corruption offences and crimes against economic activity, giving relevant assignments, instructions, exchanging necessary information and providing required advice.

Provided by HO-31-N law of May 19th 2014 “On making additions and changes in the RA law” on the Special Investigation Service”’ structural changes were made, on the basis of order No 13-L (13-L) of the Head of the RA Special Investigation Service separate structural units were formed one of them being the Department of Corruption, Organized and Official Malfeasance Crimes Investigation, investigators were distributed by specialized departments. During the aforementioned period works aimed at specialization and development of specific professional skills of investigators in the sphere of separate group of offences /included corruption/ were done which assuredly led to additional increase in the quality of investigation of the crimes of corruption.

General Department on Combating Organized Crime of the RA Police has a specialized unit to fight against corruption and economic crimes. Main task of the Department is to prevent and detect corruption related crimes implementing modern methods and means.

In 2014, 599 corruption cases were recorded in the territory of Armenia, while in 2015 there were 616 cases.

With respect to establishing effective legal mechanisms encouraging the delivery to the law-enforcement authorities of information regarding corruption offences, the international practice is being studied.
A delegation from the Investigative Committee of the Republic of Armenia paid a study visit to the City of Las Vegas, State of Nevada, United States from 31 August to 4 September 2015. Within the framework of the above mentioned visit, meetings were held with the Las Vegas Metropolitan Police Department, community police, specialised units of police (Internal Oversight Bureau, Public Information Office, Sex Crimes Bureau), Police Academy, officers of the District Attorney's Office, as well as employees of the child protection centre and special accommodation facility. Informative visits were paid to the Junior Police Academy, protection centre and special accommodation facility. The legislation of the State of Nevada of United States covering child abuse was introduced thereto during the study visit. Reference was made to investigation of corruption offences, i.e. to the particulars of reporting, detection, disclosure and registration of incidents, as well as the activities of the police in respect of the procedures on receiving alerts on such incidents, on drawing up documents and transferring information to the investigator were introduced thereto.

Within its mandate to promote anti-corruption reforms in Armenia of the OSCE Office in Yerevan committed to provide technical assistance in implementing selected measures of the 2015-18 Anti-Corruption Strategy and Action Plan the Good Governance Unit is providing and facilitating capacity-building assistance to the RA Government in realization of tasks regarding Imposing Adequate Sanctions for a Corrupt Conduct and Effective Investigation thereof. The experienced researchers ought to conduct a comprehensive research on international best practices of policies, structures and practices related to sanctions for a corrupt conduct; and with international best practices draft an action plan aimed at putting the institutional arrangements ensuring the effectiveness of the investigation and prosecution of corruption-related offences into action.

As it was already mentioned the Research and Training Centre of the State Revenue Committee of the Government of the Republic of Armenia provides annual training courses for tax and customs officials (including investigators and inquest officials) of the State Revenue Committee of the Government of the Republic of Armenia, according to the specific nature of their profession.

However, it should be mentioned that the Concept paper on a new anti-corruption institutional framework was developed, and its preliminary version was discussed during the last sitting of the Anti-corruption Council. According to this document the investigation of all corruption-related cases will be conducted by one body. The Concept paper has been sent to all stakeholders and the revised version will be discussed during the upcoming sitting of the Anti-Corruption Council.

**Assessment of Progress - 17th Plenary: LACK OF PROGRESS**

The recommendation requires Armenia to a) strengthen the anti-corruption specialization of prosecution and law enforcement, b) foster cooperation between law enforcement and control bodies and c) encourage proactive investigation and prosecution of corruption. Provided information does not show any progress in addressing these elements. Armenia reported about the concept paper on new anti-corruption institutional framework, which includes specialized investigative body as well, however, at this stage these are only plans for the future.

**Recommendation 9: Statistics**

To ensure comprehensive criminal statistics on corruption-related offences, the government should make available the data that allows to determine the following:
- position/rank/occupation of the suspect/indicted/convicted person,
- number of investigations, prosecutions and convictions for each type of offence,
- sanctions applied,
- the amount of the bribe and/or the damage caused by the offender, and
- value of properties seized and confiscated.

27
Judicial Department of the Republic of Armenia currently undertakes measures aimed at keeping detailed and complete statistics on corruption crimes. The statistics on corruption offences (according to the list approved by Order of the Prosecutor General of the Republic of Armenia of 19 November 2008) examined in the courts of the Republic of Armenia during 2016, including statistics in conformity with the standards mentioned in this Recommendation will be summarised by the Judicial Department of the Republic of Armenia following the end of the reporting period.

A sample form of the Report “On the results of investigation of corruption offences” has been introduced upon the Assignment of the Chairperson of the Investigative Committee of the Republic of Armenia No 22/28-184-15 of 19 June 2015. The Report includes statistical data for each type of corruption offences, in accordance with the Orders of the Prosecutor General of the Republic of Armenia No 82 of 19 November 2008 and No 12 of 19 March 2013, regarding the results of preliminary investigations during the reporting period, particularly on instituted criminal cases, on the accused persons involved in criminal proceedings, number of cases and persons forwarded to the court upon letter of accusation, on persons having been arrested or imposed a detention as a measure of restraint for corruption offences. The possibility of including other statistical data on preliminary investigation in the sample forms of reports is under consideration. The materials on the activities of the Investigative Committee, including those on criminal cases are disseminated through press releases, oral statements, as well as are posted on the website, Facebook page of the Investigative Committee of the Republic of Armenia, thus creating an opportunity of ensuring access thereto by the wide public.

In addition, upon Order of the Chairperson of the Investigative Committee of the Republic of Armenia No 134-L of 8 December 2015 “On approving the procedure for digitalising materials of criminal cases in the bodies, subdivisions of the Investigative Committee of the Republic of Armenia which administer pre-trial proceedings and repealing Orders of the Chairperson of the Investigative Committee of the Republic of Armenia No 6-L of 20 February 2015 and No 8-L of 25 February 2015” (hereinafter referred to as the “Procedure”), the procedure for digitalising materials of criminal cases has been introduced in the bodies, subdivisions of the Investigative Committee of the Republic of Armenia (hereinafter referred to as the “Committee”) which administer pre-trial proceedings.

According to the Procedure, materials of criminal cases instituted in the bodies, subdivisions of the Committee which administer pre-trial proceedings, those received from another body and admitted for the proceedings, as well as those of criminal cases with resumed proceedings and/or joined in single proceedings are digitalised every 15 days, whereas in case of completion of preliminary investigation—prior to introducing the materials of the criminal case to the participants of the proceedings.

Digitalisation of the materials of criminal cases serves as a direct lever for anti-corruption field through the exercise of prosecutorial oversight over the legitimacy of preliminary investigation and departmental oversight, including observance of procedural time limits, completion of preliminary investigation within reasonable time limit, ensuring prevention of alleged violations of constitutional human rights. In case of digitalisation the basic documents for ensuring comprehensive criminal statistics of corruption-related offences will be more definite.

During the period under consideration the coverage of criminal cases’ investigation results were publicized within the frames of permissible limits provided by law. State competent authorities and media were periodically provided with informative statements and publications referring to the ongoing investigation of criminal cases having social resonance. The publications by social organizations and media were promptly and properly reacted to. More than 48 responses were given on the basis of written inquiries of various media outlets and in regard to the coverage of
various criminal cases, press releases were announced in three languages /Armenian, Russian and English/ on the official website of the Service. As it was already mentioned OSCE Office in Yerevan has hired 2 experts who conduct a comprehensive research on international best practices of policies, structures and practices related to sanctions for a corrupt conduct. Within the framework of this research, recommendations would be made also regarding criminal statistics on corruption-related offences.

Assessment of Progress - 17th Plenary: PROGRESS

Government reported that the statistics are published according to the new form of statistical reporting for corruption cases approved by the Chairperson of the Investigative Committee in June, 2015. In addition, Armenia reported that the research is underway to improve the criminal statistics including on corruption cases. The process of digitalization of criminal case material has been started and aims at creating the electronic database of cases, which may also contribute to improved statistics on corruption cases.

III PREVENTION OF CORRUPTION

Recommendation 10: Ethics Commission

Provide the Ethics Commission for High-Ranking Officials with the right and the capacities to verify asset declarations, introduce rules in the legislation and apply sanctions for failure to submit or for submitting false or incomplete information.

Provide the Ethics Commission for High-Ranking Officials with an independent budget which will ensure necessary human, financial and technical resources.

Designate the Ethics Commission for High-Ranking Officials - or another body - to promote and control of common public service standards and practices across the public administration.

17TH ACN Plenary Meeting, September 2016

Government report

The Government decree N145 was adopted on February 19 which foresees interoperability of the electronic declaration system of the Commission on Ethics of High-Ranking Officials with the online databases of the State Registry of Legal Entities and the Civil Status Acts Registration Agency under the Ministry of Justice, the State Committee of Real Estate Cadastre, the State Population Registry of the Police and the Registry of Vehicles of the Traffic Police. This has allowed the Commission to develop data verification capacities and instruments The Ethics Commission has studied international best practice of the legal sanctions and liability measures. Based on the study document, the Ministry of Justice, together with the Ethics Commission, has prepared the draft amendments to the Law on Administrative Offences and the Criminal Code covering the issues of defining both administrative sanctions for violation of asset declaration regulations particularly, late submission, submission with violations of submission procedures, wrong and incomplete declaration submission as well as criminal punishment for submission of false data, concealing the data to be declared in the declarations and maliciously non-submission of declarations. The drafts were submitted to the Presidential office for final discussion. It is foreseen that the mentioned laws will come into force on 1 January, 2017. Besides, the law on making amendments in Criminal code for criminalizing the illicit enrichment has been developed and circulated and will be discussed during the upcoming sitting of the Anti-Corruption Council.

Meanwhile, upon the initiative of the Ethics Commission an inter-agency working group was
established by the Decree of Prime Minister’s 447-A of May 27, 2015 to guarantee the implementation of this recommendation. The Ethics Commission has elaborated draft documents on organizational structure of the Commission, description of its functions and activities of the structural units, as well as required facilities, property and equipment, together with relevant best international practice and a comprehensive study on the functions and structures of the preventive anti-corruption bodies and submitted to the Inter-agency working group. Based on the above mentioned documents, the Ministry of Finance has evaluated the expected financial resources for ensuring the activities of the Commission in the new status, including required expenditures for the payment of the employees. The Commission has also submitted draft amendments to the Law on Public Service to ensure financial independence, staff development and expansion of the Commission. The planning of budgetary means for the commission has already been discussed and will be involved in the next year’s budget; the Ethics Commission will consist of 51 employees.

Based on the best international practice ethics coordination systems studied by the Commission, a draft document related to the institutionalization of ethics coordination function was elaborated. The international expert invited through the generous support of German Federal Enterprise for International Cooperation (GIZ), has provided expert review on the mentioned draft document, the Armenian version of which is being circulated among the main stakeholders now. Furthermore, the Commission, together with the German Federal Enterprise for International Cooperation (GIZ), organized on June 3, 2016 a workshop on “Coordination of Ethics Practice and Implementation of Norms”. The event was attended by Armenia’s high-ranking officials, ethics commission officials of state agencies and the public institution representatives in charge of ethics issues. The ethics structure coordination approaches were communicated and discussed with participants and the conclusions were incorporated into the ethics coordination draft document. The latter, by the initiative of the Ministry of Justice, was sent for the World Bank expert’s analysis and the outcomes were discussed with both the Commission on Ethics of high-Ranking Officials and the Civil Service of Armenia. The Commission - with the support of OECD SIGMA experts – has also elaborated a draft code of conduct for high-ranking officials. The best international practice has been studied by the Commission including those of EU countries. For proceeding with the mentioned document, preparatory activities and discussions (with the support of German Corporation for International Cooperation) were initiated. Implementation plan of the Code of Conduct was elaborated as well. The Commission has attained significant progress in fulfilling this part of the recommendation.

As it was mentioned in previous recommendations a program on Ethics regulation in Republic of Armenia’s Civil Service is currently implemented with the support of the World Bank. This program includes also regulations on establishment and operation of the ethics commissions in the state bodies and is targeted at establishing an institutional system to ensure the integrity and lawful behaviour of civil servants in the civil service of the Republic of Armenia.

**Assessment of Progress - 17th Plenary: PROGRESS**

Although none of the elements of the recommendation have been addressed fully, some progress can be noted in implementing this recommendation since the previous progress update. In particular, preparatory work to broaden the mandate and increase the capacity of the Ethics Commission continued. The necessary package of regulations was prepared and submitted to the Ministry of Finance and the Government. Relevant changes to the Civil Service Law have been prepared and submitted for consideration to the inter-agency working group. Draft amendments to introduce sanctions for failure to submit asset declarations or submitting false declarations have been prepared and sent to the Presidential administration. The draft document related to the institutionalization of ethics coordination function was elaborated as well. A draft code of conduct for high-ranking officials was prepared. Government explained that the budget for 51 employees of the Commission will be foreseen in 2017 state budget. The body responsible for promoting and monitoring public service standards across the whole public administration has not been designated yet. Thus there is some slow progress, however, Armenia needs to accelerate the pace to bring the
legislative phase to the end and allow Ethics Commission implement its functions in practice.

Recommendation 11: Ethics commissions in public institutions

**Ensure that ethics commissions in public institutions function properly, define their competencies, rules for their creation and operation, their role regarding conflict of interests, restrictions and sanctioning of public servants, and establish their obligation to present reports about their activity to the coordination body and to the public.**

**Designate a body responsible for co-ordination the activity of ethics commissions, for providing them with methodological guidance and training, monitoring and assessing effectiveness of ethics commissions.**

**Establish a mechanism for co-ordination between the ethics commissions, the human resources management departments and the anti-corruption focal points in each state body.**

17th ACN Plenary Meeting, September 2016

**Government report**

The rules for creation and operation of civil service ethics commissions in public institutions, their functions, including their rights and obligations, have been established in accordance with Decision N 844-N of the Civil Service Council of the Republic of Armenia, dated 26 September 2012;

“II. KEY OBJECTIVE AND COMPETENCES OF THE COMMISSION

1. The key objective of the Commission is to contribute to observing the ethics rules in the respective institution.
2. Within the scope of its competences the Commission
   1) investigates issues submitted for its consideration;
   2) draws conclusions or requests for clarifications, submits a mediation request on issues under discussion
   3) conducts investigations and submits clarifications or conclusions upon the proposal by the Civil Service Council (hereinafter, the Council) or a respective body
   4) submits a quarterly report on its activities to the official with the competence/power to establish a Commission
   5) establishes its work procedure
   6) exercises other powers vested in it by the Statute and other legal acts”.

The Protocol Decision N 57 of the Government of the Republic of Armenia, dated 29 December 2015, gave endorsement to the implementation of the Civil Service Reforms Strategy and the related Action Plan, which also envisages issues related to improving the observance of civil service ethics rules, conflict of interest, assets declaration, exercise of powers by ethics commissions (responsible entities) and enhancement of the role of human resources management units in civil service.

As mentioned in the reflections on the recommendation 10, a draft vision document related to the institutionalization of ethics coordination function (a condition set by the EU budget support agreement as well) was elaborated by the Commission on Ethics of High-Ranking Officials of Armenia. The realization of this part of the recommendation requires legal solutions and, upon approval of the vision document on ethics coordination, the relevant mechanisms of methodological guidance, training, monitoring and assessing effectiveness of ethics commissions (foreseen in the document) will respectively be developed. Besides a program on Ethics regulation in Republic of Armenia’s Civil Service which is currently implemented with the support of the World Bank is aimed also at developing respective legal acts (law, sublegal acts) targeted at establishing an institutional system to ensure the integrity and lawful behavior of civil servants in the civil service of
the Republic of Armenia has been launched and is currently implemented with the support of the World Bank.\(^\text{38}\)

The program is also meant to regulate issues related to coordinating the activities of the responsible entity, the ethics commissions, and providing them with the methodological guidance and trainings, as well as monitoring and assessing their efficiency. The program outcomes envisage also trainings for responsible officials as well as for servants in charge of human resources management units. Program on Ethics regulation in Republic of Armenia’s Civil Service is currently implemented with the support of the World Bank.

**Assessment of Progress - 17th Plenary: PROGRESS**

One development in response to this recommendation since the last progress update is the concept note on institutionalization of ethics coordination function prepared by Commission on Ethics on High Ranking Officials of Armenia. In addition, the Strategy and the action plan adopted in December 2015, envisage the measures in response to this recommendation. The World Bank is currently supporting the work aimed at enhanced functioning of the ethics commissions in the Government bodies. Thus, in comparison with the previous reporting period there is some progress, however, so far intangible. Government of Armenia is encouraged to make use of the ethics commissions’ functions in practice without further delay.

**Recommendation 12: Code of ethics**

*Develop codes of ethics or conduct for special categories of public servants prescribed by Law on Public Service (art.4)*

*Revise and update codes of conduct for special categories of public servants in order to eliminate discordances existing in legal framework and to align them with the Law on Public Service.*

*Provide practical training to public officials about the use of code of ethics in practice.*

**17\(^{th}\) ACN Plenary Meeting, September 2016**

**Government report**

As mentioned in the text related to recommendation 10, the Commission on Ethics of high-Ranking Officials has elaborated a draft code of conduct for high-ranking officials with support of OECD SIGMA experts, as well as the implementation plan. The draft code of conduct is being circulated now among all the stakeholders in order to receive their feedbacks. Once all the recommendations are received and incorporated in it and the code is carefully finalized, it will be properly communicated with all its consumers.

As it was already mentioned the Protocol Decision N 57 of the Government of the Republic of Armenia, dated 29 December 2015, gave endorsement to the implementation of the Civil Service Reforms Strategy and the related Action Plan, which also envisages issues related to Revision and update of codes of conduct for special categories of public servants in order to eliminate discordances existing in legal framework and to align them with the Law on Public Service. The program of the World bank will cover also the issues of this recommendation.

The following courses were organised by the Academy of Justice in 2016:

- "Current issues of the fight against corruption in the field of public service". The course was

\(^{38}\) See attached the report of the program, prepared in August, 2016.
envisaged for judges, prosecutors, investigators and persons included in the list of candidacies for prosecutors. The course covered, among other topics, conceptual solutions for the new anti-corruption policy of the Republic of Armenia (building a class of decent and faithful public servants), specifically the "Ethics, Rules of Conduct for public servants and officials and the institutional system of their application", the "System of restrictions for preventing conflict of interest of public servants and officials and ways of improvement thereof" (comparative analysis of definitions in the Law of the Republic of Armenia "On public service", as well as in the Rules of Ethics and Rules of Conduct stipulated by the EU and OECD international documents, the institutional grounds for their application, the practice established in the Republic of Armenia, gaps of application and development tendencies thereof, comparative analysis of definitions of restrictions and prohibitions on conflict of interest stipulated in the Law of the Republic of Armenia "On public service", as well as in the EU and OECD international documents, the practice of application thereof in the Republic of Armenia, institutional grounds for the application and development tendencies thereof, according to individual types of restrictions (prohibitions) on conflict of interest). The system of declaration of assets and interests of public servants and officials (financial disclosure); ways and methods of analysing the assets and disclosing the interests of public servants and officials; imposition of adequate sanctions for corrupt conduct (the existing system of declaration of assets and interests of public servants and officials, regulation norms, new legislative amendments, the system of filling out and submitting declarations electronically and its advantages, were presented; the operation of that electronic system, from filling out to publication of the declaration, was displayed in practice. The methods of identifying corruption risks and inconsistencies based on declarations and the ways of verifying the accuracy of the data were presented with regard to individual cases, involving the trainees. Corruption risks arising from declarations were discussed. The process of transforming corruption risks into types of corruption offences, and criminal and administrative liability applied or envisaged for them were covered as well. The phenomenon of "unjust enrichment" and the possibilities of applying the institute of its criminalisation were covered specifically).

● "Professional ethics of judges". The course was envisaged for judges and the staff of the Council of Justice. The course covered the rules of conduct for judges and the developments; the role of the Ethics and Disciplinary Commission of the General Assembly of Judges in observance of the rules of conduct for judges (the link between the rules of conduct for judges (judicial ethics) and universal morality, the reforms in legal regulations, the new legislative and legal regulations with regard to the rules of conduct for judges, the decision of the Ethics and Disciplinary Commission of the General Assembly of Judges on giving clarifications with regard to the application of rules of conduct for judges, the reports submitted to the Ethics and Disciplinary Commission of the General Assembly of Judges (report on unlawful interference with the activities of a judge, report of the chairperson of a court on violation of the time limits for examination of a case, issues relating to the prohibition on acceptance of gifts by judges, report submitted by the chairperson of a court or the Council of Courts Chairpersons when detecting a violation of requirements of the Code of Conduct by a judge); the procedure for discussing them and decisions taken by the Commission with regard thereto; institution of disciplinary proceedings against a judge by the Ethics and Disciplinary Commission of the General Assembly of Judges; progress of disciplinary proceedings; discussion on issues of disciplinary liability of persons included in the list of candidacies for judges by the Ethics and Disciplinary Commission of the General Assembly of Judges).

● "Professional ethics of prosecutors". The course was envisaged for prosecutors. The course covered the following topics: the prosecution service as a part of the public service; approaches to establishing the rules of ethics for public servants; peculiarities of the rules of ethics for prosecutors; restrictions on the conflict of interest in relation to prosecutors; system of declaration of property; income and affiliated persons; fundamental principles of conduct of prosecutors; rules of conduct of prosecutors in official relations; major issues of observing the rules of conduct for prosecutors in non-official relations; liability for violation of the requirements of the Code of Conduct for prosecutors; the procedure for instituting disciplinary proceedings for violation of requirements of the Code of Conduct for prosecutors and progress thereof; the role of the Ethics
Commission under the Prosecutor General of the Republic of Armenia in observing the rules of conduct for prosecutors, work discipline and rules of conduct.

Training courses for civil servants held at the Public Administration Academy of the Republic of Armenia covering the ethics and anti-corruption component. From October 2015 to 1 August 2016, 600 civil servants (highest and chief positions — 329, leading and junior positions — 271) were trained on the following subjects:

(1) Financial Management course — “Professional ethics and morals of public servants: Etiquette” (4 hours) and “Corruption and mechanisms for the fight against it” (4 hours) — 109 civil servants;
(2) Organisational Psychology course — “Professional ethics and morals of public servants: Etiquette” (4 hours) and “Corruption and mechanisms for the fight against it” (4 hours) — 173 civil servants;
(3) Public Relations in the Administration System course — “Ethical and legal grounds of PR” (2 hours) and “Ethics and etiquette” (4 hours) — 43 civil servants;
(4) Developing Personal and Management Skills course — “Professional ethics and morals of public servants: Etiquette” (4 hours) and “Corruption and mechanisms for the fight against it” (4 hours) — 180 civil servants;
(5) Course “Effective management technologies” — “Professional ethics and morals of public servants: Etiquette” — 95 civil servants.

2. Training for local self-government bodies at the Public Administration Academy of the Republic of Armenia

“Territorial administration and local self-government system in the Republic of Armenia” training programme (24 hours) which includes the “Anti-corruption skills in the local self-government system” component (2 hours).

From October to 30 December 2015, 245 community heads and members of the Council of Elders (69 community heads and 176 members of the Council of Elders) were trained.

3. Within the framework of research topic guaranteed for contract-based (thematic) financing of scientific and scientific-technical activities, a training manual of one volume on “Comparative legal analysis of the activities and types of public service” is currently being prepared under the code 15T-5E025, which will comprise of 200-250 pages and published in at least 300 copies.

The main purpose of the research includes analysing and presenting the main measures and methods for preventing corruption in the public service system, as well as rules of conduct, prohibition on receiving gifts, conflict of interests, declaration of property and income in the public service.

Assessment of Progress - 17th Plenary: PROGRESS

The code of conduct for high ranking officials was already developed during the previous reporting and it has not been adopted yet. No new information is available regarding the second part of the recommendation either, except that this measure was included in the Strategy and the Action Plan adopted in December, 2015. As to the last part of the recommendation, practical training courses have been organized by the Academy of Justice in 2016 for judges, prosecutors, and investigators and candidate prosecutors. In addition, 600 civil servants were trained on ethics issues. The trainings covered the local government representatives as well. Thus, plenary found that there is a limited progress in implementation of this recommendation.

Recommendation 13: Merit based recruitment

Develop clear rules regarding positions that are to be considered for merit based appointments and ensure their enforcement in practice, maintain records about merit based appointments.

Ensure that the majority of vacant posts are filled through competition and designate a body responsible for coordination and monitoring the process of filling in vacant service posts.

Develop guidelines on evaluating integrity and ethics competencies in the selection process.
Government report


Clauses 22-23 of the Strategy have defined the following:

22. The vision of the reformed Civil Service system is a merit-based, fair and transparent, professional and efficient Civil Service system, ensuring equal opportunities for everyone, in line with international best practices of public administration.

23. The goal of the Civil Service Reform Strategy is to enhance the efficiency and professionalism of Civil Service.”.

The Civil Service Reform Strategy as well as the draft law on civil service currently developed together with the EU SIGMA experts stipulate that civil service positions are only filled through competitions, while the out-of-competition procedure is substituted by internal competition; the performance appraisal system of civil servants is also improved.

b) Since the introduction of the civil service system of the Republic of Armenia (December 2001), the body in charge of coordinating and monitoring the procedure of filling civil service vacant positions in the remains the Civil Service Council of the Republic of Armenia. With regard to filling the majority of vacant positions through competition, it should be noted that in 2015, about 82% and in 2016 (till September 1) 72% of civil service vacant positions (except for junior civil service positions) were filled through competition.

c) With regard to assessing the integrity and ethics capacities in recruitment and selection procedures for filling civil service vacant positions, these issues will be fully regulated and resolved by the civil service law and the sublegal acts currently developed with the EU SIGMA experts.

The rules to be recruited for vacancies in Police of the RA is defined by the RA law on ‘Police service” mainly in accordance with Article 14 of the law a competition is held to be engaged in a vacancy of the Police.

In case of vacancy for average, senior and high positions the recruitment process of police officers is implemented either outside the competition or in line with competition. Before announcing for a vacancy in 2 weeks term an authorized official has the right to recruit a police officer with satisfying relevant requirements presented for that position in line with the same law.

In case of vacancy in Police, officers from armed forces, national security, the Penitentiary Service, the Judicial Acts Compulsory Enforcement Service, prosecutors, as well as former police officers who hold positions/ were appointed by the President of Armenia, the Government of the Republic of Armenia, by the prime minister of Armenia in other state bodies as well as former officers fired from service within 5 years. As a result of the competition after being hired it is compulsory for the officer to pass training.

If nobody applied for the announced position in specified term or nobody from applicants came for the competition or as a result of a competition nobody passed, then a new competition is announced for the vacancy.

The winning candidate will be appointed after the announcement of the competition results in 5-day period.

RA law on ”Police Service” stipulates also the procedure of recruitin0067 for special civil service in Police of the RA (Articles 606, 607, 608, 6012 and so on).
At the same time RA Government decision N1459-N dated December 10, 2015 defines the procedure and conditions for holding competition for average, senior and high position groups and the order N5 dated November 5, 2010 of the head of Police adopted the procedure for holding competition for special civil service in Police of the RA.

### Assessment of Progress - 17th Plenary: LACK OF PROGRESS

Provided information does not show developments since the previous progress update, it mostly concerns the plans for the future, which is insufficient to find the progress in implementation of this recommendation.

### Recommendation 14: Conflict of interests

*Develop clear legal norms regarding the procedure of conflict of interests and declaration by different categories of public servants, including high risk sectors such as public procurement procedure, and public officials who do not have superiors.*

*Without delay analyse the implementation of the Law on Public Service and identify inconsistencies in different laws such as the Law on Civil Service, the Law on NA Procedures, the Law on Municipal Service, the Law on Constitutional Court, the Judicial Code, and the Law on the Prosecutor’s Office, and revise legislation in order to address the identified deficiencies.*

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17th ACN Plenary Meeting, September 2016
Amendments in legislation connected with the universal regulation of conflict of interest institute have been discussed in the Ministry of justice of RA. Especially, a comprehensive study has been carried out, in which were discussed different aspects of the institute. In order to establish applicable legal provisions in this study were investigated the essence of the institute, its main purpose, internationally adopted concept of conflict of interest, commonalities and differences of regulations in different EU and non-EU countries, core principles for managing conflict of interest, incompatibilities, restrictions, conflict of interest management rules and bodies, consequences for breaching rules.

At first, has been discussed the problem whether there was a necessity to have a separate law regulating conflict of interest or it’s not compulsory and was decided to regulate this legal relationships within the anticorruption law which is to be adopted. Then was discussed the problem of responsibility for violations. Especially the border of administrative and criminal sanctions was discussed and was decided to establish different consequences for different officials, based on risk criteria and seniority. Besides, the problem of the oversight body was considered as one of the crucial issues. So it was concluded that the best preventive and regulatory framework will be the double oversight possibility. It was preferred provide with management and regulatory competence both internal and external bodies. Another problem discussed was the declaration of private interests: which was the difference between the declaration of interest and the declaration of income, assets in different countries, whether the family members of the official have to declare their interests and assets or not.

It’s important to indicate, that the study has been carried out on the ground of OECD guidelines and country experiences. Besides, the provisions of "Legislative toolkit on conflict of interest", which was drafted within the framework of CoE/EU Eastern Partnership Programmatic Co-operation Framework, have been translated into Armenian in order to serve as a ground for future regulations.

On the basis of abovementioned study a document has been drafted, which is being widely discussed and will become the ground of amendments in legislation. This document includes the core principles for appropriate conduct of public servants and for regulations of conflict of interest situations without serious difficulties.

The expert of the World bank, as well as the Commission on Ethics of High-Ranking Officials has analyzed the inconsistencies of legislation, namely the Law on Public Service, the Law on NA Procedures, the Law on Civil Service, the Judicial Code, the Law on the Prosecutor’s Office and other legal acts regulating the conflict of interests, activity limitations and gift prohibitions of high-ranking officials. The results are being finalized and will be represented by the head of the Commission on Ethics of High-Ranking Officials in upcoming meeting of the Anti-Corruption Council.

**Assessment of Progress - 17th Plenary: LACK OF PROGRESS**

Armenia has not adopted the regulations on conflict of interest. In response to the first part of recommendation, the concept paper was prepared and discussions held. To address the second part of the recommendation the analysis of legislation was conducted with the support of the World Bank. However, these measures are not sufficient to find progress in implementation of this recommendation, requiring changes of legislation.

**Recommendation 15: Whistleblowing**

*Create specific channels to report corruption in each public institution, out of the hierarchical chain*
and launch campaign to raise awareness of those measures among public servants.

Adopt legislation and practical mechanism for the protection of whistleblowers.

17TH ACN Plenary Meeting, September 2016

Government report

The Governmental decision N1816-N of December, 15, 2011 defines stipulations regarding the rules of procedure of reporting corruption in public institutions as well as on establishing protection mechanism for whistleblowers.

During the preliminary session of the Anti-corruption Council, on 5, August, 2016, the issue regarding revision of existing rules and creation of specific channels to report corruption, as well as adoption of legislation and practical mechanism for the protection of whistleblowers was largely discussed. As a result, the Ministry of Justice has drafted a law on “Protection of whistleblowers”.

The draft of the law, as well as practical solutions shall be presented during the upcoming session of the Anti-corruption council.

The Government has ordered to develop a TOR of electronic platform, which will provide an opportunity for officials to anonymous report corruption.

Besides a new mechanism for protection of whistleblowers is previewed in the new Criminal Procedure Code. The provision of protection of whistleblowers in compliance with recommendations of OECD, EU, UNCAC principles, Transparency International recommended principles for whistleblowing is regularly discussed by the Ministry of Justice with the working group on developing Criminal Procedure Code.

Assessment of Progress - 17th Plenary: LACK OF PROGRESS

No information is provided regarding the channels to report corruption or the related awareness raising campaign. Since the last progress update government developed a draft law on whistleblower protection and discussed the concept at the ACC session. Armenia has also started to work on an electronic platform for anonymous reporting. NGOs informed the discussions held about the topic at the pre-meeting of the ACC and inclusion of the topic in the agenda of the next session. Armenian Young Lawyer’s Association presented the concept paper on the subject at this meeting. The plenary took note of these steps and concluded that these measures are welcome, however, insufficient to conclude the progress in implementation of the recommendation 15.

Recommendation 16: Ethics training

Provide anti-corruption and ethics training (linked to creating awareness on codes of ethics) for all/majority of public servants: different programs should be developed for different categories of public servants, such as new public officials, ethics commissions’ members and internal auditors, as well as official in high risk sectors such as public procurement; and provide consultations for high-level and political officials.

Include measurable performance indicators (quantitative and qualitative) for anti-corruption, conflict of interests and ethics training, including of the impact of training on ethical standards in public administration, in the new Anti-Corruption Strategy and designate responsible body to coordinate and monitor training activities.
Government report

a) The designated body in charge of organizing and coordinating trainings for civil servants in the civil service of the Republic of Armenia is the Civil Service Council of the Republic of Armenia. The Council executes this procedure jointly with respective public institutions to ensure targeted trainings and the real training needs.

b) Starting from October 2015, the following trainings on anti-corruption and ethics have been conducted and implemented in the civil service of the Republic of Armenia:


2. In 2016, twenty-four civil servants underwent a training course on “Fight against Corruption” - a program organized by the Law Institute of the Ministry of Justice of the RA and approved by the Council Decision N 1080-A, dated 10 December 2012.

3. In 2015 forty-seven civil servants and in 2016 twenty-eight civil servants respectively underwent a training course on “Ethics” - a program organized by the National Institute of Labour and Social Research of the RA and approved by the Council Decision N 934-A, dated 7 October 2014.

In total 113 civil servants have been trained on specified topics since October 2015.

The officers from other units of Police of the RA regularly participate in the events on maintaining ethics norms held in Armenia and abroad organized by international organizations, as well as various events on anti-corruption direction.

The curriculum of the Police Educational Complex includes topics referring to criminal characteristics and prevention of the corruption-related crimes, as well as topics related to the police officers’ ethics. Mainly, “Corruption-related crimes and characteristics of their disclosure”, “The anti-corruption strategy and action plan for its implementation, “Criminal justice policy in the fight against corruption: European and national spheres”, "Corruption related crimes, criminological characteristics of laundering the proceeds of crime", "The abuse of power", "Criminological Characteristics and Prevention of Corruption related Crimes" are included in the curriculum of courses of the training groups of officers from traffic police, duty desks, public order protection department, officers dealing with juveniles, the police personnel administration, criminal investigation officers, heads of regional departments and regional bodies of Police of the RA.

The topic on "Ethics rules of the RA Police officer" is also included in the courses of the curriculum of the mentioned officers, as well as in the curriculum of officers from Passports and Visas Department, passport service, investigation, patrol service, experts, as well as community policing.

Besides, topics on prevention of corruption related crimes are under special attention in the educational programs of the Educational Complex of Police of the RA. Mainly, in the program of "RA criminal law" subjects of "Crimes against state authority" subject, "Criminology and crime prevention", "Professional ethics of the police officer" are included in the Law Faculty of the Academy of the Educational Complex of Police of the RA.

In the Master degree courses of the Academy of the Educational Complex of Armenia the following themes are included: "Comparative Criminal Law", "Official crimes" "International Criminal Law", "Corruption related crimes in international criminal law." "Corruption and its prevention" and "Professional ethics of a police officer" modules are included in the police intermediate-level education program of the College of the Educational Complex of Police of the RA.

In 2014 434 officers and in 2015 accordingly 379 officers attended in training courses held in Educational Complex of Police of the RA.

The Rules of Conduct for Judicial Servants defined by Decision of the Council of Courts Chairpersons of the Republic of Armenia No 13N of 16 October 2007, the characteristics and essence thereof, as well as the necessity of compulsory adherence were also covered within the scope of the regular training courses organised for judicial servants during May-July 2016.

The Commission on Ethics of High-Ranking Officials, with support of the German International Cooperation Agency (GIZ), organized an international conference on “National and International...
Efforts for Applied Ethics” in January of 2016 in Armenia.\textsuperscript{39} The goal of the conference was to initiate a conversation on European integrity standards and their enforcement in the public administration system of Armenia. High-ranking officials of Armenia including Vatche Gabrielyan - the Deputy Prime Minister of Armenia, experts and officials of international renowned institutions (European Anti-Fraud Office of European Commission (OLAF) among them) participated in the event.

The Commission has also organized another international conference on “Ethics Education” that again took place in Yerevan in January of 2016.\textsuperscript{40} The goal of the conference was to discuss ethics education programs worldwide and the possibilities of implementation of those in Armenia. The agenda included reports by officials and experts of internationally acknowledged academic and specialized institutions (including U4 Anti-Corruption Resource Center of Norway, International Anti-Corruption Academy of Austria and others), as well as reports by the representatives of Armenian educational institutions and NGOs.

Meanwhile, as mentioned earlier, the Commission organized a workshop on “Coordination of Ethics Practice and Implementation of Norms” in the reporting period, during which high-ranking and public officials and ethics commissions’ members were trained and guided on anti-corruption and ethics issues.\textsuperscript{41} The workshop was conducted by an invited international ethics expert Valts with the use of interactive instruments including real life case studies and discussions.

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\textbf{Assessment of Progress - 17th Plenary: PROGRESS} \\
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In respect to the first part of the recommendation, trainings targeted to certain groups of civil servants, police, and judicial servants have been reported. NGOs note some progress with regard to the trainings conducted by the Civil Service Council, including distance learning platform for training of trainers which became operational. Thus, there is some limited progress in relation to the first part of the recommendation.

In relation to the second part, no measureable performance indicators are used to assess trainings. Government body for monitoring and coordinating the relevant activities has not been designated yet.
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\textbf{Recommendation 17: Transparency and discretion in public administration} \\
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\textit{Ensure proper regulatory impact assessment before adopting legislation and stability of legislation as much as possible to the benefit of businesses in Armenia;} \\
\hline
\textit{Continue introducing e-governance tools aimed at decreasing the customer contact with the Government bureaucracy and reducing the risks of corruption;} \\
\hline
\textit{Make the OGP national platform operational and efficient forum for discussing policy initiatives and monitoring of implementation of e-governance, transparency and accountability initiatives;} \\
\hline
\textit{Finalise inspections reforms with the involvement of the relevant stakeholders;} \\
\hline
\textit{Complete Tax and Customs Reform and ensure their implementation in practice.} \\
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\textsuperscript{39} \url{http://eunewsletter.am/ethics-conference/}
\textsuperscript{40} \url{http://www.ethics.am/en/news/item/2016/01/19/news42/}
\textsuperscript{41} \url{http://www.ethics.am/en/news/item/2016/06/03/news54/}
A workshop on "Finalization of a Regulatory Reform Roadmap for Armenia" was organized by the OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR), the Ministry of Justice of Armenia and the OSCE Office in Yerevan on 27 and 28 May 2016 in Tsaghkadzor, Armenia. The workshop provided an opportunity for participants from the executive branch, the legislature, civil society and international organizations to exchange views on how to improve the overall process of lawmaking in the country. Topics discussed included policy-making and legislative planning, public consultations and regulatory impact assessment, as well as monitoring and evaluation of legislation. The purpose of the workshop was to discuss recommendations for reform from previous thematic lawmaking workshops, conducted in Armenia in 2015, and from OSCE/ODIHR’s 2014 report on the “Comprehensive Assessment of the Legislative Procedure in Armenia”. These recommendations were consolidated in a draft Regulatory Reform Roadmap with concrete action points in early 2016, and this draft provided a basis for workshop discussions.

On 25, August, 2016 the Government adopted a decision on establishing a foundation referred to as center for improved legislation and legal research. Supported by the United States Agency for International Development, the center is expected to provide comprehensive legislation development services nationwide. This Foundation will also be in charge of ensuring proper regulatory impact assessment before adopting legislation.

Moreover, from October, 2015 up to now more than 200 draft legal acts were assessed by the Ministry of Economy in 2 areas:
1. Economy, including SMEs,
2. Competition.

E-governance tools
For ensuring the further development of electronic services the following 3 functions are implemented.
1. At the outset, all the available resources in the field of e-government, the limits of their abilities are carefully examined. It is also considered the possibility of creating an electronic tool system titled “Electronic Armenia”, expanding the list of services and contributing to the efficient and effective implementation of e-government system.
2. Then, it is necessary to develop awareness and improvement of the educational level of the program, which will enable citizens and businesses to use the electronic tools and services. In order to develop the best educational programs the international experience is studied and the best international experts of that area are involved.
   In this way, by educating the population, it becomes possible to promote the spread of digital technologies, involvement in different aspects of life and to increase confidence in e-government.
   IT education should be extended in all the educational levels, starting with schoolchildren and higher education. And of course such a broad educational background will ensure the development of digital technologies and the growth of public awareness.
   Finally, all the existing gaps in the field of e-government are being examined and a deep analysis is made on the current and future needs to discover the areas where more e-services can be invested.
   It should be noted that all the above-mentioned functions, which are aimed at the development of
and dissemination of electronic services, are implemented based on the best legislative level.

It is perceptible that in Armenia day by day the E-governance tools are developing in different governmental sectors. Now there are up to 20 electronic governance tools and databases of the Armenian state agencies which are brought together in one governmental website. Several electronic programs are in the process of implementation and the corresponding works will be finished by the end of this year. The most part of the program was carried out, the appropriate state bodies which are considered as beneficiaries of the above-mentioned program have completely submitted the required information and the unified portals are already created. For instance, the new e-Health system in the Healthcare sphere, in the sphere of Justice the e-notary, e-register systems are introduced and are being improved. In addition, the new e-Citizen portal, that allows people to check their data in government databases as well as receive electronic mails and SMS notifications from the government, is already launched. Moreover, in 2016 e-apostile, e-license, e-hotline, and e-legal (online discussions of draft legal acts) systems have been introduced.

On the initiative of the Penitentiary Service, a supplement was made on 22 October 2015 to Decision of the Government of the Republic of Armenia No 1543-N of 3 August 2006, which aims at facilitating the process for relatives of detained persons and convicts to bring parcels, deliveries and packages to detained persons and convicts, organising it through an online order. As from 26 January 2016, the relatives of detained persons and convicts carry out the process of handing parcels, deliveries and packages online through the official website of the Penitentiary Service of the Ministry of Justice of the Republic of Armenia (www.ced.am) without visiting penitentiary institutions. Due to the mentioned reform, the exclusion of direct contact between citizens and the employee of the penitentiary institution accepting the deliveries has led to a decrease in corrupt practices in the field and the exclusion of possibilities of entry of prohibited items. The online store services have still been introduced only at "Armvair" and "Artik" Penitentiary Institutions of the Ministry of Justice of the Republic of Armenia. It should also be noted that citizens residing abroad may use online store services as well, for which activities are currently underway at the Penitentiary Service aimed at translating the Regulations of the online store into Russian, English and Persian.

Within the framework of "Development of e-governance tools in justice" programme and that, in the penitentiary field, respectively, a number of measures have been implemented with the view to developing the e-Penitentiary system and improving the functioning of the e-system.

In particular, over a year ago, activities of developing and designing the E-Governance Information System of the penitentiary system were launched. The Penitentiary Service and the specialists of Vxsoft company designed in detail and developed the "Information Register of Detained Persons and Convicts of the Penitentiary Service of the Ministry of Justice of the Republic of Armenia", which is unprecedented in terms of its scale and technical capabilities.

The system fully includes information about all the functions performed under the legislation with respect to detained persons and convicts, necessary documents, conditional early release from further serving the punishment, changing the regimes of serving the punishment, visits, education, work, as well as other important information.

Of particular interest are the medical histories of persons held in confinement, the information being included in which and the sequence of required actions are adapted to the templates of the Istanbul Protocol.

One of the advantages of the automated complex is also the possibility to receive reports in any format, to carry out analytical activities, as well as the automatic performance of the duties provided for by the legislation for administrations of penitentiary institutions, excluding interference of the human factor.
Technical guidance also constitutes an integral part of the information register, which will help organise the educational processes of employees of the penitentiary system during the next months, clarify the system highlights and nuances of using it. The register will also be furnished with such technical capabilities as will further promote the creation of a link between it and other information registers functioning in the law-enforcement systems of the Republic of Armenia, with the view to exercising proper and targeted control in the field of human rights protection (meeting the deadlines, excluding inactivity and other fields) in compliance with internationally recognised standards. The mentioned system is planned to be put into operation in early 2017.

OGP national platform

During 2011-2016, while the realization of two national programs of OGP, tangible reforms in several key areas were done. And it is noteworthy, that in October 2015, in Mexico City, within the framework of a global conference of OGP initiative, the annual international results were summarized, where Armenia won the first place and got the title of regional champion.44

The previous Action Plans commitments are continued to be carried out despite the fact that they are not included in the next OGP projects. Thus, for example, the «Mail-Armenia» system has already invested, which operates under the e-Citizen Portal and the personal email addresses are affixed to the citizens of the Republic of Armenia. Works are carried out for sending official notifications through this system. So all the commitments which were prescribed by the second Action Plan of OGP and due to objective circumstances were not able to be continued till the end, will be completed during the third Action Plan.

On 20th of June, 2016, The Government approved Armenia’s third Action plan under the Open Government Partnership initiative.45 Of around 70 proposals submitted by the Government and civil society, 8 have been selected for inclusion in the Action Plan, which meet the values and format of the OGP project. The Action Plan has gone through several stages of public consultations, as well as repeatedly discussed at the OGP task force meetings.

In 2016, April, The Government of RA for the first time in the history of OGP process of regional meetings, involved also regional and specialized non-governmental organizations, having as a goal to raise awareness of the initiative and the development of the OGP Action Plan 3 also outside the capital.46 Awareness campaign in Yerevan was launched by the meeting in UN Office.

The government has developed the third Action plan guided by the principles of OGP commitments and all the Action plan format requests provided in the website www.opengovpartnership.org, as well as the Sustainable Development Goals established by the United Nations and National Anti-corruption Strategy.

The obligations set out in the document (Third Action plan) are aimed at ensuring e-governance, transparency and accountability in all the important governmental sectors.

Several commitments are provided concerning the trips for abroad of the officials of the state executive bodies and local government agencies to ensure transparency and accountability.

An "open data" will be created based on the principle of a unified platform for publishing the information concerning the decisions of the business trips, officials’ reports with a search facility. Also transparency and accountability will be ensured in the domain of the disbursement of grants from the state budget. The publication of the list of the participants and the winners of the State

budget grants contest will lead to the expansion of access to information. In addition, transparency will be provided for the state budget, by making it more interactive and using application of the principle of “open data”.

By the application of the principle of “open data”, the online introduction of the budget expenditure and income items in an interactive format will help to enhance the use of technology and innovation, access and accountability.

Several steps are taken for the improvement of the electronic declaration system of High ranking officials’ and their affiliates’ assets and revenues. It is also very important to mention that in the framework of the third Action plan it is planned to create a unified legal information portal for the decisions of the Head of the Community and the Community Council, which will improve public services and promote Public Integrity.

Moreover a unified state electronic registry will be created for the licenses granted by State bodies and the persons who carrying out activities which are subject to notification.

The next commitment is devoted to the raising awareness and providing access to social services. This commitment will increase public participation in order to ensure the quality of services provided by the state, as well as expanding access to information and improve the level of public accountability.

Furthermore, one more important pilot project will be undertaken, which will provide "One window" principle in the army. Through this project there will be ensured several factors concerning the improvement of the Commissariats administration of military activities, reduction of corruption risks and terms of providing the requested information / documents, restriction of citizens' communication with Military staff.

Inspections reforms

The first Inspection Body (Market Surveillance) was established by the Governmental decision N 1063-N of September 15, 2015. The Market and Consumer Protection State Inspectorate implements public control activities in the field of standardization, measurement uniformity, conformity assessment and market surveillance state, as well as in the area of consumer protection acting on behalf of the Republic of Armenia: In other words, the Inspectorate provides services in search of safety, high quality of consumer goods and defined rules of trade and industry, and accurate means of measuring the performance of the control as well as the protection of rights and interests of consumers. Other Inspection Bodies are in the process of establishment.

New Draft Law “On Inspections” was drafted.

All sub-legislative acts of the RA Law “On Inspection Bodies” were elaborated.

Tax and Customs Reform

The works for improvement of the tax and customs legislation and administration continued during 2015 with the view to improving the business environment, reducing shadow economy and building capacities of tax and customs systems as stipulated by the programme approved by Decision of the Government of the Republic of Armenia No 511-A of 19 May 2014. In particular:

1. Draft Tax Code of the Republic of Armenia has been developed, which was approved at the session of the Government of the Republic of Armenia of 31 March 2016 and submitted to the National Assembly of the Republic of Armenia for consideration, as prescribed. The draft Tax Code was adopted on 15 June 2016 by the National Assembly of the Republic of Armenia at the first reading.


4. Starting from 1 January 2016, a full transition has been made to the electronic system for issuing invoices, which has significantly reduced the time spent on tax accounting and is a major contribution to the fight against shadow economy.

5. Works for the introduction of "one-stop shop" at state border checkpoints have continued for the purpose of ensuring unification of procedures for control and customs control carried out by other state bodies, excluding the repetition of functions, as well as the implementation of undue oversight. In particular, the works have been carried out within the scope of implementation of the 2015-2017 Action Plan of the Government of the Republic of Armenia aimed at introducing "one-stop shop" in the procedures applied by state administration bodies at state border checkpoints of the Republic of Armenia, approved by Decision of the Government of the Republic of Armenia No 1404-N of 11 December 2014.

At the same time, the following systems have been introduced within the scope of the "National Single Window" portal for the Foreign Economic Activity of the Republic of Armenia introduced by the customs authority:

- Customs Value Declaration
- Statistical Form
- Transit Declaration
- Means of Payment Guarantee
- Authorisation of the State Service for Food Safety
- Preliminary decision on the classification of goods
- Customs Receipt Voucher.

Within the scope of the same portal, the "Customs Registration of International Postal and Courier Communication Services" sub-system has been introduced, which provides the opportunity to apply modern mechanisms for the management and control of items delivered by "Haypost" CJSC, maintain complete records of items through an automated method, carry out oversight over them, as well as ensure delivery service for citizens based on a door-to-door principle, without direct contact with customs officers. Items are delivered and the relevant customs fees are charged at branches of "Haypost" CJSC.

Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS

Armenia reported about the measures taken for finalization of the regulatory reform roadmap to overhaul its legal drafting processes. Dedicated Center for Legislation and Legal Research was established in 2016 with the support of the USAID. Armenia also reported about regular assessment of draft legislation by Ministry of Economy in two areas: SMEs and competition. NGO report confirms the information regarding the practice of reviewing legal acts.

In relation to the second part of the recommendation, a number of new e-government initiatives

[47 https://trade.gov.am]
are noted: e-penitentiary, e-registration, e-apostile and e-notary.

New tax code was adopted with the first reading, however, according to the alternative report, business associations express criticism and concerns, fearing that some of the provisions may induce corruption instead of preventing it. They also stressed the importance of having a separate anti-corruption sectoral action plan for Tax and Customs. The reform of inspections is moving forward, new legislation and regulations have been introduced.

The coordination and efforts in general were intensified under the OGP initiative. During the reporting period Armenia won the award for the project “Creation and introduction of community management and development-oriented information systems in regional administrations.”

Thus, progress can be noted in relation to the all elements of this recommendation.

Recommendation 18: Public financial control and audit

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<th><strong>Ensure that in the course of its audits the Control Chamber pays attention to detecting “fraud” and “incidents of corruption”; improve the mechanism for the Control Chamber to alert law enforcement authorities on suspicions of corruption; ensure experience of the Control Chamber is used in developing training for public servants and cooperates with new internal audit units.</strong></th>
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<tr>
<td><strong>Continue to implement measures to put in place an effective financial control and internal audit system in public administration, according to the Strategy and the Action Plan 2011–2013 for Public Internal Financial Control System with specific focus on the design, existence and working in continuity of financial control and the transparent reporting of deficiencies.</strong></td>
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<td><strong>Continue to provide for sufficient human resources to conduct internal audit at the central and local level public administration bodies; improve the certification programme of internal auditors; ensure that compliance audits of good quality are conducted.</strong></td>
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<tr>
<td><strong>Continue to provide training to the heads of administrative bodies and financial management staff in administrative bodies of central and local governments on prevention of corruption.</strong></td>
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17th ACN Plenary Meeting, September 2016

**Government report**

**Control Chamber**

For the improvement of the mechanisms of detecting and presenting “fraud” and “incidents of corruption” and collaboration with internal audit systems the Chamber of Control of the Republic of Armenia has taken several measures, particularly:

- In October-November period, 2015, the auditors, who were trained according to the financial and compliance audit guidelines (which include mechanisms of detecting and presenting “fraud” and “incidents of corruption” and collaboration with internal audit systems) compliant to the International Standards of Supreme Audit Institutions (ISSAIs), have carried out a pilot audit in the Environmental Project Implementation Unit of the Ministry of Nature Protection of the Republic of Armenia.
- In November 2015, within the project on “Strengthening the Independence, Effectiveness and Transparency” and the support of GIZ, 2 workshop on implementation of Performance audit in the Chamber of Control has been organized. First workshop was dedicated to the staff of Chamber of Control. During second workshop the stakeholders of Public Financial Management system, including internal auditors of the Ministries, were involved.
- In March, 2016, within the framework of the development of the draft version of the RA law on “Audit Chamber”, the delegation of the Chamber of Control, National Assembly and the representatives of the GIZ visited Tallin, Estonia. The purpose of the GIZ financed study tour was the
study of the Estonian experience in external state audit.

• In May, 2016, with the aid of GIZ, an auditor from the Chamber of Control visited Tbilisi, Georgia in order to study the Georgian experience in the implementation of Performance audit.

• In May, 2016, 6 financial and compliance audit teams from the Chamber of Control were formed. In September, 2016, 6 audit teams will be trained according to the financial and compliance audit guidelines (which include mechanisms of detecting and presenting “fraud” and “incidents of corruption” and collaboration with internal audit systems) compliant to the International Standards of Supreme Audit Institutions (ISSAIs). The training project will be financed within the framework of the EU financed project on “Strengthening the Independence, Effectiveness and Transparency”.

Public Internal Financial Control

In accordance with the RA Government Protocol Decree N 6 (clause 15), dated 18.02.2016 the revised strategy for the reforms of Public finance management system (PFMS) and the 2016-2020 action plan implemented in the sector of Public finance management system (PFMS), where the provisions related to the Public Internal Financial Control (PIFC) strategy and the PIFC system’s action plan for further development are included:

Especially the following measures on Financial Management and Control (FMC) sector should be implemented during the 2016-2020.

1) The methodology necessary for the introduction on FMC system will be developed. Pilotimg for the introduction of FMC system will be implemented in the selected Public sector organizations.

2) As a result of developed and piloted methodology, FMC draft concept note and draft law will be reviewed and finalized, in which FMC main components and the FMC modern features in the Republic of Armenia will be clarified.

3) The draft law «On FMC» after being approved by the RA Government will be submitted to the RA National Assembly for adoption. (if necessary together with legislative package on additions and amendments in the other laws of the Republic of Armenia stemming from the mentioned Law).

4) After the adoption of the FMC law by the National Assembly the action plan (Schedule) of FMC law enforcement will be developed where necessary measures for the introduction of FMC system in practice will be incorporated, including measures related to institutional and capacity building and development of by-laws and methodology.

In the framework of the EU Twinning Project for the support of the RA public internal financial control system fundamental activities are carried out for the introduction of financial management and control component based on the administrative accountability of public internal financial control system.

At the same time, we suggest revising the wording of paragraph 2 of the "Recommendations 18", given that the new development measures for the PIFC system for 2016-2020 periods have been approved by the abovementioned Protocol Decree.

Internal Audit

1. The human resources are sufficient for auditing the elements of the internal audit environment of the public sector organizations.

2. A new and more convenient software used to provide qualification examinations was developed in the framework of ensuring the function of internal auditors’ qualification.

3. A program for internal auditors’ capacity building is being elaborated in the framework of 2016-2020 PFM system reforms Action Plan which is based on the results of public sector internal auditors’ training needs assessment.

The program for internal auditors’ capacity building is a tool which is aimed at filling up the gaps currently existing in the internal audit sector conditioned by the insufficient professional skills of internal auditors. Thus, the program for internal auditors’ capacity building includes directions which will also endorse the due implementation of compliance audit by the internal auditors.
A Draft Order of the RA Minister of Finance was also developed in the framework of 2016-2020 PFM system reforms Action Plan, envisaging that at least 90% of audit assignments foreseen by the internal audit current year plan should be completed.

**Training**

The course named "Current issues of the fight against corruption in the public service" was envisaged for judges, prosecutors, investigators and persons included in the list of candidacies for prosecutors. The course covered, among other topics, the role and functions of individual institutional structures (Anti-Corruption Council, Special Investigation Service, Prosecutor General’s Office of the Republic of Armenia, Investigation Committee of the Republic of Armenia, Police of the Republic of Armenia, Control Chamber of the Republic of Armenia, Ethics Commission for High-Ranking Officials, etc.) and the ways of their co-operation.

**Assessment of Progress - 17th Plenary: PROGRESS**

In response to the first part of the recommendation Armenia reported various trainings and study tours, however, most of them not addressing the recommendation focusing on detecting corruption and alerting law enforcement about the suspicions of corruption.

Main reported development is the adoption of the revised strategy and action plan 2016-2020 on public finance management reform in response to the second element of the recommendation. Implementation of the strategy and the action plan is partly supported by EU Twinning Project.

Internal auditor’s certification programme was reported during the previous progress update as well. This time, NGOs noted that the certification is functioning in practice. New system of examination should constitute a step forward as well to the increased capacity of internal auditors.

Lastly, the reported trainings did not include the recommended target group: heads of administrative bodies and the financial management staff of central and local government. Thus, limited progress.

**Recommendation 19: Public procurement**

*Complete the revision and enhancement of the e-procurement system, ensuring that it reflects international best practice, including the electronic processing of every step of the procurement process up to contract award, and extend the mandatory use of the e-procurement system to all public procurement entities;*

*Ensure the timely publication of all relevant procurement notifications, data and statistics on the dedicated government procurement website in Armenian and English languages;*

*Ensure that procurement co-ordinators and any other procurement staff and procurement consultants receive adequate training (including the practical application of the procurement rules and procedures);*

*Introduce additional safeguards (e.g. selective review of tender documents by PSC engineers and/or procurement specialists) to ensure that technical specifications and tender requirements are not biased;*

*Introduce formal and mandatory declarations of conflicts of interest for all members of the PSC, the Procurement Complaint Review Board, the evaluators of tenders, the heads of procuring entities and any other individuals who are involved in public sector procurement processes. Ensure verification and publication of these declarations, introduce sanctions for violations of conflict of interest declarations;*
**Reinforce competition in quasi-monopoly/oligopoly sectors;**

*Significantly reduce the use of single source procurement and of negotiated procedure without notification.*

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**17th ACN Plenary Meeting, September 2016**

**Government report**

**Revision and enhancement of the e-procurement system**

In accordance with the respective RA Government Decree an amendment has been done in the procedure of e-procurement, according to which the negotiation procedure without prior publishing the procurement statement based on urgency for the needs of the RA state bodies and municipalities is carried out electronically beginning from May 1, 2016.

This means that currently all competitive procedures (except for competitive dialogue), as well as negotiated procedure without announcement on the basis of urgency, for the procurement of the needs of the RA state bodies and municipalities are being carried out electronically through the electronic procurement system.

At the same time the three modules of e-procurement system which are procurement planning, management of procurement contracts and preparation of procurement reports have been developed and included in the e-procurement system. The complete exploitation of modules in terms of state bodies has started since July 1, 2016 and in terms of urban communities it is expected to start on September 1, 2016.

All phases of the procurement process have been automated by the modules exploitation as a result of which the effective and transparent implementation of procurement process has been ensured.

Especially the reporting module has reports section in which detailed and complete information is published on both organized complete processes and concrete procurement process. Moreover the module has a flexible searching system necessary for getting statistical data on the procurement processes and for analyzing.

Besides on a basis of e-procurement, a draft law on making supplements to RA Law on Procurements has been developed, according to which all legal entities participating in public procurements shall disclose their beneficial owners, and the information regarding winner legal entities shall be available to public.

**Ensure the timely publication of all relevant procurement notifications, data and statistics**

All of the relevant information is published on the following website [www.procurement.am](http://www.procurement.am). Open tender and prequalification notices are published on the website also in English and in Russian and in case suppliers need invitations in English or Russian they can ask the contracting authorities to provide the translated versions. They will have to pay just the costs of the translation and delivery.

At the same time with the respective RA Government Decree amendment has been made in the procedure for organization of procurement process providing the enforcement of the RA law “On procurement” with which the publication of the protocol of the opening session has become obligatory on the following website [www.procurement.am](http://www.procurement.am).

**Training**

3. The RA Government Decree N 99-N dated 12.02.15 approved the regulations for the award
of qualification to the procurement coordinators and continuous professional development of the qualified procurement coordinators. Mainly it is envisaged that every procurement official should take this training at least once in three years. Head of the contracting authority should submit to the Procurement Support Center (PSC) the list of its employees who need to be trained. PSC then comprises groups and timesheet for the trainings for that year.

RA Minister of Finance Order N 247-A, dated 27.04.15 and N 126-A dated 01.03.16 have approved also the programs and topics for 2015 and 2016 years for the continuous professional development of contracting authorities envisaged by the RA Law “On Procurement”.

Around 836 training courses for the procurement coordinators were organized by PSC through mentioned programs from 2015 October to 2016 July, and 560 procurement coordinators passed the training in the established manner.

Additional safeguards

PSC is providing selective reviews of tender documentation (including qualification criteria and tender specifications from point of view of non discrimination) of the announced procurement procedures and it publishes its findings (both positive and negative) in the www.procurement.am website. Also the explanations of Contracting Authorities to the PSC findings are being published in the same website and the decision of the PSC on accepting or not accepting the explanations is also published.

Formal and mandatory declarations of conflicts of interest for all members of the PSC

Members of the Procurement Review Board are obliged to sign documents related to the absence of conflict of interest and this document is published on the following website: www.procurement.am. Individuals of the responsible unit participating in drafting the procurement application, members of the evaluation committee also are signing such document which is not published though.

At the same time the new draft law “On procurement” has been developed which provides that the statement on the absence of conflict of interest will be published on www.procurement.am website signed by the committee members and by the secretary.

Competition in quasi-monopoly/oligopoly sectors

The Government Decree N 105-N dated 30.01.15 has amended the main regulation implementing the RA Law “On Procurement”. One of the main improvements of the decree relates to the list of procurement subjects that can be procured from single source. The list is essentially reduced now and education services, the purchase of works and services from the organization established by the state and community, telephony services are taken out from the list.

As a result of it, these goods, works and services were purchased obtained via competitive procedures.

The investigations carried out by the State Commission for the Protection of Economic Competition of the Republic of Armenia (hereinafter - SCPEC RA) and best international practice shows that anticompetitive conduct affecting the outcome of the procurement process is a particularly pernicious infringement of competition rules. Therefore, during the current reporting period the SCPEC RA continued comprehensive studies in the field of public procurement to identify possible violations of competition legislation. Particularly:

The SCPEC RA continued to cooperate actively with the Ministry of Finance of the Republic of Armenia, especially with "Procurement support center" non-commercial state organization and Procurement Appeals Board regarding all appeals and issues in the field of procurement procedures. The representative of the SCPEC RA has continued to participate in the sessions of the Procurement Appeals Board with advisory vote. Besides, referring to its investigations and reviews SCPEC RA has provided recommendations on improvement of public procurement procedure to the Government of the Republic of Armenia. Particularly:

- To improve technical capability of web-based application of ARMEPS for implementation electronic procedures in conducting public procurement.
- To develop procedure for providing information in a timely and systematic manner.
- To develop the selection mechanism of Procurement Appeals Board and improve the effectiveness of control system.

During the current reporting period SCPEC RA has also studied behavior of economic entities having dominant position in several product markets (e.g. tobacco, carbonated beverages markets, etc.) in the view of compliance with competition legislation.

SCPEC RA has also continued its activities on studying concentrations and revealing undeclared concentrations for the purpose do not allow consolidation of different economic entities acting in the same or affiliated product markets, which is prohibited by the law and can strengthen the dominant position. In 2015 SCPEC RA has imposed sanctions on 19 economic entities for failure to declare the concentration as stipulated by the law.

**Single source procurement**

Measures were taken to reduce procurement volume from single source person on the basis of urgency. Particularly it is planned that during 2016 procurement volume via the mentioned format shall not exceed 10%, in that case when during 2015 the same indicator approximately totaled to 18.5%. Currently, this index approximately totals to 8.6%:

Moreover, as mentioned in the paragraph 1 since May 1, 2016 the negotiation procedure without prior publishing the procurement statement based on urgency for the needs of the RA state bodies and municipalities is carried out electronically. Thus this procedure is organized in competitive way so that any person in case of interest can submit application for participation.

### Assessment of Progress - 17th Plenary: PROGRESS

Government reported that the e-procurement has been expanded in the reporting period and all phases of the procurement have been automated. Three modules of the system: procurement planning, contract management and reporting, discussed in the previous progress update, have been made operational. State bodies started application of the system already. Ti Armenia notes however, that "there is no progress in extending the mandatory use of e-procurement to all public procurement entities and similar to the previous reporting period e-procurement is applied only by central government bodies and urban communities. Rural communities, mainly because of lack of capacity still conduct paper-based procurement procedures."

Additionally, according to the government, confirmed by Ti Armenia, during the reporting period the negotiation procedure without prior publication of the procurement statement on the basis of urgency is conducted electronically.

According to the government the e-system allows to generate full statistics. Government reported that the procurement notifications data and statistics are published on the website, NGOs note that there have been improvements of the official web-site of the Armenian public procurement, however, there are delays in posting information.

The trainings have been made mandatory by the Government decree and hundreds of training courses conducted, however, Ti Armenia questioned the quality of the training received by officials responsible for procurement.

The declarations of conflict of interests for the members of the review board that have been made mandatory during the previous reporting period are now subject to mandatory publication. However, no progress in relation to their verification.

Ti Armenia informed that there is no decrease in the number of volume of the single source procurement. Government reported that the percentage of single source procurement is 8.6% compared to 18.5% in 2015.
Recommendation 20: Access to information

Analyse and subsequently review the FOI Law to bring it in line with international standards, in order to ensure clarity of existing regulations and eliminate existing shortcomings, among other issues reflect the public interest test and e-requests; adopt necessary secondary legislation for implementation of FOI.

Ensure proactive publication of information by state bodies, clarify records management and classification system and introduce the registries of public information in state bodies; consider establishing a unified portal for proactive publication of information.

Ensure efficient supervision and oversight of enforcement of the right of access to information as well as adequate powers and resources to issue binding decisions, and ensure designation of FOI officers in each agency as required by article 13 of the Law.

Raise awareness of public officials to foster the culture of openness and transparency in Government and carry out systematic training of information officers and of other public officials dealing with access to information issues.

Ensure implementation in practice of the provisions related to transparency of the entities using public resources (article 1.2 of the Law).

<table>
<thead>
<tr>
<th>17th ACN Plenary Meeting, September 2016</th>
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<tr>
<td><strong>Government report</strong></td>
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<td>FOI Law; secondary legislation</td>
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<td>The Ministry of Justice and Freedom of Information NGO developed a draft sublegal act, which was adopted by RA Government Decision N1204 of October 15 2015 and entered into force on January 1, 2016. The Decree establishes the Order on registration, specification and maintenance of information developed by the information holder or delivered to him, as well as provision of information or its copy by state institutions and organizations.</td>
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<td>RA Law on Freedom of Information was analysed. A working group consisting of representatives of the Ministry of Justice and Freedom of Information with the assistance of OSCE has developed a concept paper on Modernization of Freedom of Information sector. The development and adoption of Concept Paper on Modernization of Freedom of Information Sector is also envisaged by the RA Government Program adopted by RA Government Decree N131-N of 14 January, 2016. With the support of GIZ the mentioned Concept Paper has been studied by a German expert. The Concept Paper was circulated and improved based on the suggestions and comments received from various stakeholders and was sent to the Government. On 6 September, 2016, a public discussion will be held on the Concept paper. It is expected, that the concept will be approved in September.</td>
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<td><strong>Publication</strong></td>
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<td>According to RA law on Freedom of Information 13 groups of information are subject to mandatory publication by public institutions. Besides, RA Government Decision N1204 states that answers to those information requests which have been submitted to public bodies more than five times, shall be published in “Frequently asked questions” section of their websites. The above mentioned Concept Paper also refers to the proactive publication issue.</td>
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<td><strong>Supervision and oversight</strong></td>
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Officials responsible for protection of freedom of information have been appointed in public administration bodies, particularly, in all ministries, adjunct bodies to RA Government and all regional administration bodies. The process of appointment of freedom of information protection officers continues. The Concept Paper provides regulations on creation of Freedom of Information Commissioner.

**Awareness raising of public officials**

Training sessions are periodically being organized for officials responsible for freedom of information protection. Particularly in 2016 with the assistance of OSCE 3 rounds of training sessions have been organized for all freedom of information protection officials. Representatives of public relation, legal and other departments have also participated in those sessions. Overall 80 persons have participated in training sessions.

**Implementation in practice of the provisions related to transparency of the entities using public resources**

In order to ensure effective control over the public resources it was envisaged that all the sittings of Procurement Appeals Council are subject to online transfer and are preserved in the official website of public procurements.

**Assessment of Progress - 17th Plenary: SIGNIFICANT PROGRESS**

There have been significant advancements in the area of access to information in Armenia as reported by the government and confirmed by NGO shadow reports.

Firstly, the new Government Decision on the maintenance and classification of information has been put in place, which among other issues clarifies the role of Freedom of Information (FOI) officers and provides for progressive regulations related to proactive publication of information. The web-sites of the government agencies have been updated to comply with the requirements of the decree, according to the Freedom of Information Centre of Armenia (FOICA).

Secondly, the dedicated working group including FOICA and other NGOs reviewed the FOI legislation and prepared a concept for changes in the legislation. The concept envisages the Freedom of Information Commissioner to monitor implementation of the right to access to information. The public discussion of the concept paper was held in September, 2016.

Thirdly, the process of FOI officers’ designation continues. Already designated FOI officers underwent training. 82 officials responsible for freedom of information were trained.

**Recommendation 21: Political corruption**

*Ensure that political parties disclose their financial data, including bank loans and contracts with foundations, associations and other bodies related to them.*

*Ensure substantial and independent monitoring of election campaign funding and monitoring of political parties financing by an independent authority, with adequate staff, material resources and powers to proactively supervise such funding, investigate alleged infringements of political financing regulations and impose sanctions. At a minimum, the Control and Verification Service should be given the power and corresponding tools to assess and verify the validity of declarations.*

*Ensure clear conflict of interest prevention and ethical behaviour rules for elected and other political officials, promote their vigorous application and enforce them; introduce appropriate penalties for violations of these rules.*
Consolidate the legislation on asset declarations, conflict of interests, and incompatibilities by regulating in a coherent manner the competence of the Ethics Committee.

17th ACN Plenary Meeting, September 2016

**Government report**

Due to the Constitutional amendments of the Republic of Armenia, (by the Referendum, on December 6, 2015) a necessity arose for the full implementation of the new provisions of the Constitution, for the clarification of the scope of legal acts subject to adoption and for the coordination of the drafting process.

By the decree No. NH-170-A of the RA President “On organizing the ensuring legal process of the Constitutional amendments”, among other acts and regulations, the list of laws subject to adoption, addition or amendment and nominally determined by the Constitutional amendments, adopted by the Referendum on December 6, 2015, as well as the responsible authorities participating in the drafting and submitting of the corresponding law.

According to the approved list, the Electoral Code of the Republic of Armenia was drafted within the prescribed period and submitted for review to the RA National Assembly by the prescribed manner and period. The new Electoral Code entered into force by June 1, 2016 within the period prescribed by the Constitution. Since the Electoral Code entered into force, the Central Electoral Commission is implementing the compliance of sub-legislative normative legal acts – subject to adoption by the Commission – with the amendments of the new Electoral Code.

Amendments and new approaches have been fixed in the new Electoral Code in order to exercise more appropriate and effective control over pre-election campaign financing of the Political Parties during the election periods. The articles of chapter 5 of the Electoral Code concerning the financing of elections have been clarified. These articles mainly regulate the mechanisms of forming, using and controlling pre-election funds. The provisions concerning the use of means of pre-election funds have been clarified and regulated.

Appropriate amendments and additions have been made also in the Code on Administrative Offences.

The article 29 of the new Electoral Code, in difference to the previous code defines that the Oversight and Audit Service is independent from the electoral commissions, and is not accountable to them. Moreover, by the decision No. 39-N, 17.06.2016, the Central Electoral Commission has already established the regulation of Oversight and Audit Service activity of the RA Central Electoral Commission.

It should be noted that due to the Constitutional amendments, the RA law “On Political Parties” is subject to amendment, for drafting and submitting this law to the RA National Assembly for review by October 1, 2016 by the above-mentioned decree. Due to the above-mentioned, it will be possible to submit the approaches and regulations concerning the financing of Political Parties, effective control of financing and transparency, once the draft of the law is ready.

**Assessment of Progress - 17th Plenary:** PROGRESS

Armenia reported the entry into force of the new Electoral Code (in June, 2016) as a reform required by the provisions of the new Constitution. Government reported that among other issues the amendments address the oversight of the pre-election campaign financing of political parties. Subsequent changes were made also in the Code on administrative Offences.

Venice Commission has been consulted in the process of the reform. Major change that addresses the second part of the recommendation is that the Oversight and Audit Service (OAS) was made independent from the Central Election Commission as reported by the Government, however, according the Venice Commission, the provision "OAS shall act independently and not be accountable to electoral commissions", does not clarify the institutional status of the OAS.

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48 [http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD%282016%29019-e](http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD%282016%29019-e)
Additionally, the Government informed about the work on changes in the Law on Political Parties, derived from the new Constitution, which should be presented to the Parliament in October 2016. Thus, based on the received information limited progress can be noted in relation of the second part of the recommendation. However, without review of the text of the amended laws it is impossible to make any meaningful conclusion on progress in relation to other parts of the recommendation.

Recommendation 22: Judiciary

*Continue Constitutional reform and ensure its proper implementation providing better separation of powers and independence of the judiciary, including by improving the procedures for nomination of judge candidates and appointment of judges.*

*Ensure in practice proper financing of the judiciary.*

*Establish a mechanism that will ensure equal participation of judges in self-governing bodies; clarify competences of these bodies, as well as the role of the court chairpersons.*

*Ensure that automated case assignment among judges based on objective criteria and ensure that information on case assignment is open to judges, parties and the public is in place and functioning.*

*Ensure that independence of the judiciary includes the independence from interference by other judges and if such practice takes place it is dealt with through disciplinary means against judges taking part in such practice.*

*Modify grounds for disciplinary liability of judges by establishing clear and precise criteria in compliance with international standards and best practice, and ensure that the law reflects the fact that disciplinary liability requires a disciplinary offence and a different than the disciplinary procedure should be considered in dismissing judges who are unable to fulfil their tasks.*

*Ensure that the disciplinary proceedings comply with fair trial guarantees, in particular by separating investigation, prosecution and decision-making in such proceedings, and afford the judges with adequate means to defend themselves.*

**17^th^ ACN Plenary Meeting, September 2016**

**Government report**

Within the scope of the constitutional reforms special attention was paid to the issues of ensuring independence and impartiality of the judicial system, raising effectiveness of self-governance of the judicial power. In particular, the amendments made to the Constitution of the Republic of Armenia through the referendum held on 6 December 2015 provided for the establishment of the Supreme Judicial Council with the status of an independent state body guaranteeing the independence of courts and judges. Thus, pursuant to Article 173 of the Constitution of the Republic of Armenia, the Supreme Judicial Council shall be an independent state body that guarantees the independence of courts and judges. The procedure for formation of the Supreme Judicial Council as a state body having a constitutional legal status guaranteeing the independence of courts and judges shall be the guarantee for ensuring its independence.

Pursuant to Article 174 of the Constitution:
1. The Supreme Judicial Council shall be composed of ten members.
2. Five members of the Supreme Judicial Council shall be elected by the General Assembly of Judges, from among the judges having at least ten years of experience. Judges from all court
instances must be included in the Supreme Judicial Council. A member elected by the General Assembly of Judges may not act as a chairperson of a court or chairperson of a chamber of the Court of Cassation.

3. The five members of the Supreme Judicial Council shall be elected by the National Assembly, by at least three fifth of votes of the total number of deputies, from among academic lawyers, holding only the citizenship of the Republic of Armenia, holding the right of suffrage, possessing high professional qualities and at least fifteen years of professional work experience, and other prominent lawyers. The members elected by the National Assembly may not act as a judge.

4. Members of the Supreme Judicial Council shall be elected for a term of five years, without the right to be re-elected.

5. The Judicial Code may prescribe incompatibility requirements to the members of Supreme Judicial Council elected by the National Assembly.

6. The Judicial Code may prescribe a requirement on the suspension of powers of judge-members during their term in the Supreme Judicial Council.

7. The Supreme Judicial Council shall, within time limits and under the procedure prescribed by the Judicial Code, elect the Chairperson of the Council, successively from among the members elected by the General Assembly of Judges and the National Assembly.

8. Details related to the formation of the Supreme Judicial Council shall be prescribed by the Judicial Code.

Article 175 of the Constitution of the Republic of Armenia prescribes the powers of the Supreme Judicial Council, in particular:

1. The Supreme Judicial Council shall:
   (1) draw up and approve the lists of candidates for judges, including candidates subject to official promotion;
   (2) propose to the President of the Republic the candidates for judges subject to appointment, including those subject to appointment by way of official promotion;
   (3) propose to the President of the Republic the candidates for chairpersons of courts and the candidates for chairpersons of chambers of the Court of Cassation, subject to appointment;
   (4) propose to the National Assembly the candidates for judges and for Chairperson of the Court of Cassation;
   (5) decide on the issue of secondment of judges to another court;
   (6) decide on approval for initiating criminal prosecution against judge or depriving him or her of liberty with respect to exercise of his or her powers;
   (7) decide on the issue of subjecting a judge to disciplinary liability;
   (8) decide on the issue of terminating the powers of judges;
   (9) approve its budgets of expenses and those of the courts and submit them to the Government aimed at including them in the Draft State Budget as prescribed by law;
   (10) form its staff in accordance with law.

2. In cases of discussing the issue of subjecting a judge to disciplinary liability, as well as in other cases prescribed by the Judicial Code, the Supreme Judicial Council shall act as a court.

3. The Supreme Judicial Council shall, in the cases and under the procedure prescribed by law, adopt secondary regulatory legal acts.

4. Other powers and rules of operation of the Supreme Judicial Council shall be defined by the Judicial Code.

The amendments made to the Constitution of the Republic of Armenia through the referendum held on 6 December 2015 provided for relevant changes in the procedure for election and appointment of judges. In particular, certain powers with regard to the process of appointment of judges of the Court of Cassation of the Republic of Armenia have been vested in the National Assembly, a restriction on the term of office of chairpersons of courts, a ban on being re-appointed to the position of Chairperson of the Court of Cassation and chairpersons of chambers of the Court of Cassation have been established, etc.

Thus, pursuant to Article 166 of the Constitution of the Republic of Armenia:
3. Judges of the Court of Cassation shall, upon recommendation of the National Assembly, be appointed by the President of the Republic. The National Assembly shall elect the nominated candidate by at least three fifth of votes of the total number of deputies, from among the three candidates nominated by the Supreme Judicial Council for each seat of a judge.

4. The chairpersons of the chambers of the Court of Cassation shall be appointed by the President of the Republic, upon recommendation of the Supreme Judicial Council, from among the members of corresponding chamber, for a term of six years. The same person may be elected as chairperson of a chamber of the Court of Cassation only once.

5. The Chairperson of the Court of Cassation shall be elected by majority of votes of the total number of deputies of the National Assembly, upon recommendation of the Supreme Judicial Council, from among the members of the Court of Cassation, for a term of six years. The same person may be elected as Chairperson of the Court of Cassation only once.

6. Judges of the courts of first instance and courts of appeal shall be appointed by the President of the Republic, upon recommendation of the Supreme Judicial Council.

7. The chairpersons of the courts of first instance and courts of appeal shall be appointed by the President of the Republic, upon recommendation of the Supreme Judicial Council, from among the members of corresponding court, for a term of three years. The chairperson of a court may not be appointed to the same position during three years following the expiry of his or her term of office.

Besides, the Constitution of the Republic of Armenia guarantees remuneration of judges in compliance with their status and responsibility.

Thus, pursuant to part 10 of Article 164 of the Constitution of the Republic of Armenia, the remuneration of a judge shall be determined in compliance with his or her high status and responsibility.

At the same time, it is worth mentioning that the amendments to the Constitution imply relevant amendments and supplements to a number of laws and other legal acts. Relevant measures have been undertaken in this regard; in particular, the list of the laws nominally prescribed by the amendments to the Constitution of the Republic of Armenia adopted through the referendum of 6 December 2015 and subject to being adopted, amended or supplemented (the Judicial Code of the Republic of Armenia is included in point 5 of this list) was approved by point 1 of Decree of the President of the Republic of Armenia No NH-170-A of 10 February 2016 “On organising the process of providing legal framework for the Constitutional reforms”.


Assessment of Progress - 17th Plenary: PROGRESS

This recommendation requires comprehensive reform of judiciary to comply with all its elements. At the time of the monitoring report, the constitutional reform, including reform of the judiciary had been started and resulted in the referendum in favour of the new Constitution in December, 2015. The subsequent relevant primary and secondary legislation is still under development. Thorough evaluation of how much the new Constitution addresses all the elements of this recommendation can only be made during the next monitoring round. Nevertheless, at the stage of progress update, based on the government and CSO reports, the progress to address some parts of the recommendation can be noted.

Main development is the constitutional changes related to the establishment of the Supreme
Judicial Council, the rules of its formation and powers. The Council includes judges as its members elected by General Assembly of Judges (5 out of 10). The mandate of the Council among other issues includes: proposals for appointment and promotion of judges, including chairpersons, disciplinary liability and the preparing proposals of the budget for the submission to the Government. Notably, the Venice Commission recommended also including the powers to propose and defend it in front of the Parliament. The further specific regulations are to be provided in the Judicial Code which is still under the development. Although the Council has not been established yet, constitutional changes as to its formation and powers can be seen as a main step forward for increased judicial independence.

Armenia also reported that the new system for random distribution of cases is operational in all courts of Armenia. However, the NGOs note no progress in this regard. This and other issues covered by the recommendation will need to be explored further during the monitoring procedure.

Recommendation 23: Business integrity

**Conduct assessment of corruption risks involving the private sector.**

*In co-operation with business representatives identify business integrity measures and include them in the anti-corruption strategy or another relevant policy document, ensure the monitoring of implementation of these measures.*

*Include business representatives in the anti-corruption bodies foreseen under the new Anti-Corruption Strategy.*

### 17\textsuperscript{th} ACN Plenary Meeting, September 2016

**Government report**

A workshop on "Corruption risks in the business sector and integrity issues in Armenia" was held in Agveran from 10 to 11 December which was organised by the Ministry of Justice of the Republic of Armenia, the Anti-Corruption Coalition of CSOs and the Armenian Young Lawyers Association\textsuperscript{50}. The partners were "Transparency International" Anti-Corruption Center and "Freedom of Information Centre" non-governmental organisation. Representatives of the EU, OSCE, Ministry of Justice, as well as representatives of state authorities, international organisations, the business sector and non-governmental organisations participated in the workshop. During the two-day meeting, corruption risks existing in the business sector and integrity issues were discussed and recommendations were submitted to reduce them.

On April 29, 2016, a meeting of the Executive Director of “Transparency International Anticorruption Center” NGO Varuzhan Hovkanyan and TIAC member, expert Khachik Harutyunyan with VivaCell-MTS General Manager and employees took place in the Company headquarters. The topic of the meeting was “The role of citizens in fighting corruption”. The institutional structure of the anticorruption projects and the current problems in the sphere were presented at the meeting. It was followed by an active discussion between the speakers and the employees of the company.

\textsuperscript{49} Para. 184 of the First Opinion n the Draft Amendments to the Constitution (Chapters 1 to 7 and 10) of the Republic of Armenia endorsed by the Venice Commission at its 104\textsuperscript{th} Plenary Session (Venice, 23-24 October 2015) \url{http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD%282015%29037-e}

\textsuperscript{50} \url{http://moj.am/en/article/1440}
Theoretical ways and practical examples of the strategic role of private sector’s participation in the fight against corruption were presented.\(^{51}\)

On May 28 and 29, 2016 the Armenian lawyers association with the support of OSCE, EU, and Ministry of Justice organized a workshop on “Corruption risks in business sector in Armenia: The problems recorded and future plans”. Representatives from the Ministry of Justice, Ministry of Finance, Ministry of Economy, and the State Commission for The Protection of Economic Competition, State Revenue Committee, as well as members of various business associations, non-governmental organizations and independent experts were present in the workshops. The existing gaps in the field of customs, tax and competition protection sectors were discussed and future priority plans were listed. The Government cooperates with various business protection NGOs, representatives of the ministries participate in conferences and workshops organized by the mentioned NGOs.\(^{52}\)

The representatives of the business associations are also participating to the sittings of the Anti-corruption council.

**Assessment of Progress - 17th Plenary: PROGRESS**

Armenia reported about various workshops on corruption risks in business organized in cooperation with the CSOs and private sector. Recommendations for further business integrity work were developed as an outcome of one of these workshops; Additionally, representatives of business associations took part in the session of the ACC. TI confirmed that the meetings and workshops have been organised on the subject as well.

NGO Armenian Young Lawyers Association (AYLA) reported about the presentation made on the topic at the pre-meeting of the ACC. According to AYLA, recommendation on abolishing customs brokers’ services for those legal entities that export merchandise of until 200 EUR value, was accepted. What was the follow up action of this decision is not clear though.

Thus, there is a limited progress on the side of dialogue with businesses and their inclusion in the policy planning. However, Armenia needs to work further to fully address the first element of this recommendation: conduct corruption risks assessment in private sector and take practical measures to address those risks.

**OTHER MAJOR ANTI-CORRUPTION DEVELOPMENTS**

**17TH ACN Plenary Meeting, September 2016**

1. **Based on the recommendations provided during the sittings Anticorruption Council on 10 and 15 of June, 2016, the Ministry of Justice has developed two options for anticorruption institutional framework (preventative and universal). The options will be presented and discussed during the upcoming sitting.**

2. **For the purpose of criminalization of illicit enrichment the draft Laws on making supplements in Criminal Code and on making supplements in Criminal Procedure Code have been developed by the Ministry of Justice discussed with civil society and submitted for circulation to receive comments and suggestions.**

3. **A legislative package has been developed which in order to minimize cash circulation and improve tax administration, combat shadow economy, establish the culture of non-cash payments in Armenia. Particularly, the draft law on Limitation of cash operations has**

\(^{51}\) http://urbatter.am/%D5%BE%D5%AB%D5%BE%D5%A1%D5%BD%D5%A5%D5%AC-%D5%B4%D5%BF%D5%BD-%D5%AB-%D5%BD-%D5%A1%D5%BD-%D5%A9%D5%BD-%D5%A1%D5%B6%D5%A7-%D5%A8%D5%BD-%D5%A9%D5%A9/

been developed. Draft laws on making amendments in Labour Code, Code on Administrative Offences, Law on Currency Regulation and Control have been elaborated.

4. During the last sitting of the Anticorruption Council the issue of implementing beneficial ownership institute was discussed, The Head of the Council/Prime Minister ordered the Ministry of Justice to prepare a legislative package on implementing beneficial ownership in public procurement system. Therefore, the Ministry of Justice developed a Concept paper on implementation of the institute and elaborated legislative package. The package was sent to all stakeholders to receive their comments and suggestions. A draft law on making supplements to RA Law on Procurements has been developed, according to which all legal entities participating in public procurements shall disclose their beneficial owners, and the information regarding winner legal entities shall be available to public.