This document contains the progress update and assessment of implementation of recommendations from the Third Round of Monitoring of the Istanbul Anti-Corruption Action Plan for Armenia adopted at the 17th ACN Plenary meeting on 15 September 2016, the progress update adopted at the 18th ACN Plenary meeting on 13 September, 2017 in Paris.
Contents

BACKGROUND..................................................................................................................3

PROGRESS UPDATE METHODOLOGY SUMMARY .........................................................4

PROGRESS UPDATE SUMMARY ..................................................................................5

PROGRESS UPDATES BY RECOMMENDATION ................................................................8

PILLAR 1: ANTI-CORRUPTION POLICY ........................................................................8
  Recommendation 1: Anti-corruption policy .............................................................8
  Recommendation 2: Surveys .....................................................................................13
  Recommendation 3: NGO participation and awareness raising ................................19
  Recommendation 4: Anti-corruption institutions .....................................................23

PILLAR 2: CRIMINALISATION OF CORRUPTION ......................................................28
  Recommendation 5: Criminalisation of Corruption ...............................................28
  Recommendation 6: Immunities ..............................................................................33
  Recommendation 7: Bank secrecy and complex financial cases ..............................37
  Recommendation 8: Investigation and prosecution of corruption ...........................40
  Recommendation 9: Statistics ..................................................................................43

III PREVENTION OF CORRUPTION ........................................................................46
  Recommendation 10: Ethics Commission ..............................................................46
  Recommendation 11: Ethics commissions in public institutions .............................50
  Recommendation 12: Code of ethics .....................................................................52
  Recommendation 13: Merit based recruitment .......................................................55
  Recommendation 14: Conflict of interest ................................................................58
  Recommendation 15: Whistleblowing ....................................................................61
  Recommendation 16: Ethics training ......................................................................62
  Recommendation 17: Transparency and discretion in public administration ...........67
  Recommendation 18: Public financial control and audit ..........................................80
  Recommendation 19: Public procurement ..............................................................86
  Recommendation 20: Access to information ..........................................................93
  Recommendation 21: Political corruption ..............................................................96
  Recommendation 22: Judiciary ..............................................................................102
  Recommendation 23: Business integrity .................................................................106

OTHER MAJOR ANTI-CORRUPTION DEVELOPMENTS ............................................109
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/.
PROGRESS UPDATE METHODOLOGY SUMMARY

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 Center 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 meeting 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 Center of Armenia. Information was reviewed by Mr Dirk Pluts, 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.

18th ACN Plenary on 12-14 September, 2017: the progress update report was submitted by the national coordinator for the ACN, Deputy Minister of Justice of Armenia Mr. Suren Krmoyan. The alternative reports were received from four Armenian NGOs: TI Armenia, Armenian Young Lawyers Association, Protection of Rights without Border and Freedom of Information Center of Armenia. Information was reviewed by Mr. Andrei Furdui (Romania), Mr. Vladimir Gregoriev (Macedonia), Mr. Marian Lemke (OECD/SIGMA) and Mrs. Rusudan Mikhelidze (ACN Secretariat). The assessment of progress was discussed and adopted on the 18th ACN plenary meeting on 13 September, 2017. Out of total 23 recommendations, significant progress was noted in relation to 5 recommendations,
progress -- on 16 recommendations, and lack of progress on 2 recommendation. The summary table of progress ratings is provided below.

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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).
Recommendation 22: Judiciary

Recommendation 23: Business integrity

Progress  Progress  Progress  Progress

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.
PROGRESS UPDATES BY RECOMMENDATION

PILLAR 1: ANTI-CORRUPTION POLICY

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 on the agenda 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 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,

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2 http://moj.am/storage/files/pages/pg_4229796232272_razmavarutyun_eng_1_2_.pdf
http://www.justice.am/storage/files/pages/pg_4229796232274_mijocarumneri_cragir_ENG_1_1_.pdf
http://gov.am/u_files/file/xorhurdner/korupcia/1141_1k_voroshum.pdf
3 http://publiccouncil.am/en/conferences-speeches-meeting/item/2016/04/30/278/
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 action 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 fulfilment 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 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.

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1 http://eunewsletter.am/eu-armenia-joint-fight-against-corruption/
4 http://gov.am/u_files/file/xorhurdner/korupcia/Protocol_2_ENG.pdf
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, 2016: PROGRESS

As regards the first part of the recommendation in relation to the meaningful consultations for the development of the strategy and the action plan, as reported by the government and confirmed by the NGOs 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 general 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.

18th ACN Plenary Meeting, September 2017

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. Even after the adoption, RA Government continues organising consultations about the implementation of anticorruption strategy and its different measures.

In the scope of civil society-government partnership 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

9 https://www.e-gov.am/gov-decrees/item/27248/
9 http://moj.am/storage/files/pages/pg_4229796232272_cazmavarutyun_eng_1_2_.pdf
9 http://www.justice.am/storage/files/pages/pg_4229796232274_mijocanunmeri_cragir_ENG_1_1_.pdf
9 http://gov.am/u_files/file/xorhurdner/korupcia/1141_1k_voroshum.pdf
Lawyers’ association NGO, Protection of Rights without borders NGO and Freedom of information 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\(^\text{11}\) 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 working groups continued their activities during the reporting period of the update. Thus, a working meeting with participation of different stakeholders and NGOs was organized on 24 November, 2016. The meeting was dedicated to the “Working Process on the Criminalization of Illicit Enrichment in Armenia”.\(^\text{12}\) Another working meeting on Anti-corruption institutional framework took place on 24 November, 2016. A working group was set up by the order N 600-A, of the Minister of Justice, dated 21, December 2016. The working group aimed at establishment of legal guaranties for whistleblowers and consisted of representatives of Ministry of Justice and NGOs. As a result, legislative initiatives were adopted by the Parliament.

With the initiative of RA Ministry of Justice and with support of OSCE office in Armenia a discussion on “Implementation of the actions stated in the chapter of Anti-corruption strategy related to “Imposing Adequate Sanctions for a Corrupt Conduct and Effective Investigation thereof” was organized on 12 December, 2016, with participation of different stakeholders. The experts presented the international practice, analyses of existing practice, suggestions on improvement, as well as drafts of legal acts in regard to the abovementioned topics.

On 17 November, 2016 a working meeting took place in RA Public Council.\(^\text{13}\) The meeting was organized in the framework of the Anti-Corruption Strategy Implementation Action Plan for 2015-2018. A number of stakeholders such as Deputy Minister of Justice, President of Armenian lawyers association, Head of Personal Data Protection Agency, etc, have been invited to participate in the meeting. The draft laws on making amendments in Criminal Code and in Criminal Procedure Code in regard to criminalization of illicit enrichment, as well as the concept paper on “Modernization of freedom of information sector were discussed. As a result, a number of proposals were put forward. In order to ensure the participation of business in Anti-Corruption policy implementation a discussion was held in one of the major telecommunication companies in the RA VivaCel MTS on 30 June, 2017. Moreover, after the discussion a memorandum of understanding was signed between those organizations.

The Memorandum was aimed at implementation of RA Anti-Corruption strategy and action plan\(^\text{14}\).

Besides, in the scope of anti-corruption strategy, the RA Ministry of Justice actively cooperates with international partners, specifically with UK embassy and US embassy.

Four sector-specific experts were hired by the Government Staff of RA to conduct corruption risk analysis in the priority sectors of education, state revenues, healthcare, and police service delivery to citizens.

Currently, due to the cooperation with the state bodies, anti-corruption organizations and other interested parties the Expert Task Force adjunct to the Anti-Corruption Council elaborates spectral action plans for each sphere (education, state revenues, healthcare, and police service delivery to citizens) and develops risk reduction and mitigation plans in accordance with the beforehand approved work plan.

Different state bodies such as Ministries of Health and Education, Police, Labour and Social Affairs, Finance, State revenue committee periodically organize consultations with different stakeholders, including representatives of NGOs, business, international organizations in order to ensure the implementation of anti-corruption measures in the abovementioned sectors.

**Strong mechanism for its coordination and monitoring**

\(^{11}\)http://moj.am/article/1535  
http://moj.am/article/1473  
http://moj.am/article/1470  

\(^{12}\)http://armla.am/en/783.html  


\(^{14}\)http://moj.am/en/article/1800
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. The results of the monitoring of the actions for the year 2016 are available on the Government's website (the overall implementation report is available in Armenian15, the report on implementation of actions related to the Governmental Staff is available in English16). The Task force consisting of independent experts function regularly provide necessary contribution to the division and ensure the fulfilment of the assessment and monitoring. As a result of Task Force’s endeavours, the monitoring mechanisms have been already developed and circulated among stakeholders.

Moreover, a law on creation of Independent Commission for the Prevention of Corruption was adopted on 9 June, 2017. The Commission is in charge of coordination anti-corruption prevention, despite the policy development, which according to the RA Constitution is the monopoly of RA Government and for that reason is being implemented by Anticorruption policy development division within the staff of the Ministry of Justice. All the institutions in charge of Anti-Corruption issues collaborate regularly and exchange necessary information in order to improve the effective coordination in the sphere of corruption prevention.

Regarding the use of surveys and inputs from non-governmental organisations, it should be emphasized that the sittings of the Anti-Corruption Council has become a platform in which the representatives of the NGOs are presenting the results of conducted surveys. The Council discusses the presented surveys and the Chairperson gives appropriate recommendations to the relevant state bodies. The state bodies, from their side, periodically report to the Chairperson on the results of implementation. Good examples of practical use of surveys see under recommendations 2, 3.

**Budget, Human and financial resources**

The MTEF for 2017-2019 includes funds for the implementation of the Anti-Corruption activities. Moreover, from the state budget of 2017 funds have been already allocated for implementation of some anti-corruption measures.

As it was mentioned during the previous updates, the agreement on implementation of the Support to Armenia’s Anti-Corruption Strategy Implementation Activity was signed between the Government Staff of RA and USAID on February 05, 2016. 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 abovementioned amount constitutes a part of the State budget.

As it was already mentioned a new Anti-corruption agency has been created. This body will be financed from state budget.

The division within the staff of the Ministry of Justice is in charge of anti-corruption policy development and international cooperation in the anti-corruption sphere. The Division consists of 5 civil servants and 1 expert. Moreover, this Division is one of the divisions of Anticorruption and Penitentiary Policy Development Department and the Head and the Deputy Head of the Department are also entitled to promote the work of Division.

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.

Assessment of Progress 18th Plenary, 2017: PROGRESS

The Government reported that the consultations with the non-governmental actors on implementation of anti-corruption strategy continued since the previous progress update. Several meetings of the working groups (CSOs are members of these groups) were held, such as on criminalization and illicit enrichment and on whistleblower protection. In addition, one meeting was devoted to the issues of implementation of the anti-corruption action plan. However, according to an alternative report, the coordination meetings are not regular and the number of meetings decreased after the changes in the Ministry of Justice. NGOs don’t have trust in the existing mechanism and do not cooperate. According to another NGO, the meetings on specific issues are held regularly and the Government is taking their position on board.

Risk assessments and development of the sectoral plans is under way in four areas, education, healthcare, service delivery, state revenues. Although this has been assessed as positive by an alternative report, it is also underlined that the impact of the reforms is low and the position of Armenia worsened in international rankings.

As regards creating a strong mechanism for coordination and monitoring, the Government reported that the results of the monitoring by the Monitoring Division of the Government Staff are available online. The Task Force supports the work of the Monitoring Division. However, the monitoring mechanism is still not established fully. The task force has only now developed the draft monitoring methodology and circulated it to the stakeholders.

One big change in relation to the anti-corruption policy is the adoption of the new law introducing an Independent Commission for Corruption Prevention. Assessment of this change and its consequences should be carried out as a part of the Fourth Monitoring Round of Armenia.

The Government informed that the surveys are discussed at the meetings of the Council but no examples have been provided how they are used in monitoring.

As regards budget and resources, no new development has been reported in connection with the budget of the anti-corruption strategy, however, the Government pointed out that the funding for a new anti-corruption agency as well as the staff of the Ministry of Justice and the Government’s Monitoring Division is envisaged in the state budget. In addition, according to the Government, funding is allocated for implementation anti-corruption activities in the state budget and USAID is supporting the implementation of the anti-corruption measures.

As a consequence, the plenary concluded that progress can be noted in implementation of this recommendation.

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.

17TH ACN Plenary Meeting, September 2016

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. Open Society Foundations – Armenia has published a report on “Strengthening integrity and fighting corruption in education: Armenia”. 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.

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 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.

https://rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentId=90000016804895e7
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. 20

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 defence system.21 The final report and suggestions were presented in both Preliminary session of Anticorruption Council and sitting of the Anticorruption Council.22 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 events23. Accordingly, the Chairperson of the Anticorruption Council/Prime Minister gave appropriate indications and orders to the Ministers based on the presented reports. 24

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.25 Two major meeting devoted to corruption issues in Business sector have been organized. 26 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 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 times27 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. 28

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

20 http://iravaban.net/en/130043.html#ad-image-0
22 http://gov.am/u_files/file/KORUPCIA2.pdf
27 http://moj.am/article/1535
http://moj.am/article/1473
http://moj.am/article/1470
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. 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 2016: 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: 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 using the results in developing sectoral measures as well as monitoring implementation of the anti-corruption strategy.

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**18th ACN Plenary Meeting, September 2017**

**Government report:**

**Commission surveys for specific high-risk sectors**

During the reporting period the cooperation with NGOs continued actively. The corruption risks of four target sectors – healthcare, education, state revenue collection and police in regard with service provision, were observed and sectoral action plans were developed. Specific sector related questionnaires received from international organizations (OECD, CoE, etc.) were circulated among state bodies to collect relevant information. For instance, information was collected regarding Assessing the Implementation and Effectiveness of Systems for Disclosing Interests and Assets of Public Officials, Confiscation of Instrumentalities and Proceeds of Corruption Crimes etc. The Performance Indicators for ACN Work Programme 2016-2019 was discussed with

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29 [http://eunewsletter.am/eu-armenia-joint-fight-against-corruption/](http://eunewsletter.am/eu-armenia-joint-fight-against-corruption/)
NGOs and was decided to consider conducting surveys on level of corruption topics. With the support of “Open Society Foundations Armenia” report on “Strengthening integrity and fighting corruption: Armenia” was developed. The report was presented to the Anti-corruption Council on its sitting of 21.01.2017, where the Chief of the Council ordered to continue the discussions with all stakeholders. At the same time, Armenian Lawyers Association developed reports on Corruption risks in the tax and customs sectors of the Republic of Armenia, Corruption risks in the state procurement sector of the Republic of Armenia, Corruption risks in the sector of free economic competition and monopoly in the Republic of Armenia, Corruption practices in the funeral sector. Those reports were presented during the Anti-corruption Council’s sitting on 17 of February, 2017. Correspondingly, the Prime Minister gave orders to relevant state bodies. The findings of the report on Corruption risks in the state procurement sector of the Republic of Armenia were used while developing the new Law on Procurement.

Prosecutor General of the Republic of Armenia met with Non-governmental organizations registered in Armenia to deepen and improve relations aimed at discussing the opinions and suggestions of the public, summarize and analyse their possible application when administering prosecutorial authority. The importance of Non-governmental organizations as an additional means getting, using, providing exchanging and publishing information and representing the interests of the citizens suffered from corruption was highlighted.

The Armenian Lawyers Association NGO developed a report on corruption risks in food security sector as well. The report was discussed with state bodies and improved.

The investigative journalism website Hetq.am has a special unit titled “Corruption” where the analytical articles of investigative journalists are published.

**Support to NGOs**

It is worth to note that an important step forward was the adoption of a Law on Non-governmental organizations. The Law was developed through long and comprehensive discussions with NGOs and reflects the needs and demands of civil society. The law was adopted on 16.12.2016, and entered into force on 16.01.2017.

The researches made by NGOs are based on information and statistics received from state bodies. For instance, Transparency international periodically sends inquiries regarding different anti-corruption measures and studies made by RA Government and different bodies. Consequently, state bodies collect necessary information and data, make relevant researches and provide the required information to support anti-corruption activities of the NGO.

The Government of Armenia closely cooperates with civil society organizations and encourages their participation in anti-corruption processes. In particular, NGOs are regularly invited to present the results of their surveys and researches in the sittings of the Anti-Corruption Council.

For the purpose of observation of issues raised by the civil society, several working groups were created. The working groups became platforms for mutual research and discussions. As it was already mentioned, in the scope of civil society-government partnership 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 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 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 working groups continued their activities during the reporting period of the update. Thus, a working meeting with participation of different stakeholders and NGOs was organized on 24 November.

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31 Available at http://hetq.am/arm/news/corruption/
The meeting was dedicated to the “Working Process on the Criminalization of Illicit Enrichment in Armenia”. Another working meeting on Anti-corruption institutional framework took place on 24 November, 2016. A working group was set up by the order N 600-A, of the Minister of Justice, dated 21, December 2016. The working group aimed at establishment of legal guaranties for whistleblowers and consisted of representatives of Ministry of Justice and NGOs. As a result, legislative initiatives were adopted by the Parliament.

In November, during the meeting of the Public Council adjunct to the RA Minister of Justice, the issue regarding making amendments to the Governmental Decision N 165-N 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” aimed to enlarge the number of the NGOs included in the Council, as well as to simplify the criteria for NGOs in order to be member of the Council, was discussed. Taking into consideration the results of the meeting and the suggestions of the NGOs, an amendment to the abovementioned Decision was drafted by the Ministry of Justice and later adopted by the Government.

As mentioned, on 17 November, 2017 a working meeting took place in RA Public Council. The meeting was organized in the framework of the Anti-Corruption Strategy Implementation Action Plan for 2015-2018. A number of stakeholders such as Deputy Minister of Justice, President of Armenian lawyer’s association, Head of Personal Data Protection Agency, etc, have been invited to participate in the meeting. The draft laws on making amendments in Criminal Code and in Criminal Procedure Code in regard to criminalization of illicit enrichment, as well as the concept paper on “Modernization of freedom of information sector were discussed. As a result, a number of proposals were put forward.

On 29.12.2016 RA Government adopted Decision N1383-N which was aimed at amending the structure of the Anti-Corruption Council and broadening participation opportunities of NGOs. The mentioned Decision granted the Coalition of Anti-corruption NGOs one seat at the Anti-corruption Council. It is worth to note that the Coalition of Anti-corruption NGOs has more than 84 member NGOs. At the same time, the Decision N1383-N provided four seats for other civil society representatives, two of which shall be private sector NGOs

**Use the results of surveys**

The results of the surveys and researches made by NGOs and State bodies are used to develop national legislation and practice. For instance, the discussions and joint work done in the sphere of illicit enrichment resulted on adoption of a law criminalizing that corpus delicti in December, 2016. Prominent examples of realization of work results are the latest amendments in anti-corruption legislation. In particular, based on the findings of the working groups listed above, a number of legislative initiations were developed. To be precise, the legislative package on national anti-corruption institutional system was developed, which included not only law on anti-corruption Preventive body, but also regulations aimed at establishing of whistle blowing system, strengthening transparency in Prosecution, widening list of declaring officials, adjusting the definition of trading in influence, etc.

Based on the report on Systemic anti-corruption reforms recommended for the business sector of the Republic of Armenia developed by Armenian Lawyers Association, as well as on recommendations developed by Transparency International, the Prime Minister of RA ordered to consider the idea of introducing the institution of business mediator, and submit relevant recommendations. As a result, the draft Law on Protection of Entrepreneurs’ rights was initiated and currently is being developed by the Ministry of Justice.

The Law on Procurement, which was adopted on 16.12.2016, addresses a number of gaps found by
the reports developed by NGOs.
The prime Minister of RA provides relevant orders for further implementation of recommendations
developed by NGOs (more detailed information can be found on the Protocols of the Anti-
corruption Council's sittings)\textsuperscript{35}.

**Assessment of Progress 18\textsuperscript{th} Plenary 2017: SIGNIFICANT PROGRESS**

The Government reported that it has not commissioned surveys as such but has used the surveys
conducted by NGOs, covering broad range of general issues, as well as specific high-risk sectors tax,
customs, revenue service, procurement etc. According to the Government the findings of the study
on procurement was used in developing the procurement legislation. Open Society Institute
supported the development of the report on strengthening integrity and fighting corruption in
Armenia. The results of these surveys have been discussed at the Council and working group
meetings. In addition, the impact indicators developed by the ACN was discussed and it was decided
to conduct a survey using these indicators. The Government provided the examples how it has
supported the NGO work in this regard and subsequent changes in the legislation based on the
recommendations and researches carried out by NGOs (among them, on the following issues: illicit
enrichment, trading in influence, whistleblower protection, independent anti-corruption institution
etc). In addition, the Government reported about the adoption of the law on NGOs. The law should
be assessed during the monitoring procedure.

**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\textsuperscript{th} 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.\textsuperscript{36} 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.\textsuperscript{37} 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

\textsuperscript{35}Available at http://www.gov.am/en/anti-corruption-sessions/
\textsuperscript{36}http://gov.am/en/news/item/8457/
\textsuperscript{37}http://gov.am/u_files/file/xorhurdner/korupcia/Protocol_2_ENG.pdf
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 condemning corruption so that a strong message from the government was sent to the citizens about the fight against corruption.

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. 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”. 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.

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38 http://gov.am/u_files/file/KORUPCIA2.pdf
40 http://moj.am/en/article/1524

### Assessment of Progress - 17th Plenary 2016: PROGRESS

Broader opportunities for NGO participation in the anti-corruption policy have been provided by the government during the reporting period. Although the 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 show the progress in addressing the membership criteria for the Council and show how it has been strengthening implementation of the anti-corruption strategy with the public awareness campaigns.

### 18th ACN Plenary Meeting, September 2017

**Government report:**

**Broader opportunities for NGOs to Participate in Anti-corruption Council**

On 29.12.2016 RA Government adopted Decision N1383-N which was aimed at amending the structure of the Anti-Corruption Council and broadening participation opportunities of NGOs. The mentioned Decision granted the Coalition of Anti-corruption NGOs one seat at the Anti-corruption Council. It is worth to note that the Coalition of Anti-corruption NGOs has more than 80 member NGOs. At the same time, the Decision N1383-N provided four seats for other civil society representatives, two of which shall be private sector NGOs.

On 27.01.2017 and 19.06.2017 competitions for membership to the Anti-corruption Council were announced based on the above mentioned decision. As a result of the first competition Transparency International was granted a seat at the Council. Freedom of Information NGO wined the second competition becoming a member of the Council. The other two seats foreseen for business sector NGOs are still free, as no a business sector civil society organization has wined the contest.

It is also worth to mention that Civil society and business organizations are welcome to participate in the sitting of the Council and present their research outcomes. Representatives of the civil society organizations and Non-governmental organizations (Transparency International Anti corruption Center, Yerevan Press Club, Freedom of Information Center, "Araza" Benevolent NGO, Armenian Lawyers' Association" NGO, Open Society Foundations-Armenia, "Procurement Support Center" SNCO, SME Cooperation Association, Investigative journalists NGO, etc.) have presented reports concerning corruption issues in public and business sectors.

**Strong message**

In April of 2017 Parliament elections took place in Armenia. Consequently, on 18 of May, 2017 the first sitting of the Newly elected Parliament took place. The President of the Republic of Armenia gave a profound speech on that day, highlighting the importance of fight against corruption, among others. The president asserted the importance of instituting intolerance towards corruption in every citizen and noted, that the anti-corruption institutional system shall be improved and its persistent development shall be ensured.

“Honesty plus professionalism minus corruption” – declared the President as a formula for success, thus sending a strong message both to public servants and citizens on importance of consolidation of endeavours for overcoming corruption.

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The President’s speech at the sitting of the Newly appointed Government also involved strong anti-corruption points.

In a number of events the Prime Minister of Armenia highlighted the importance of anti-corruption campaign. During the special meeting of prosecutors on behalf of the Prosecutor’s Day, the General Prosecutor referred to the issue of corruption and assured that the prosecution system shall be clean of corruption and any corruption crime shall be properly prosecuted.

Another essential sign proving the determination to fight corruption is the fact, that the first laws adopted by the Newly elected National Assembly were those included in the anti-corruption institutional package.


**Public information campaign**

Regularly public reporting actions were conducted to ensure populations’ awareness concerning new opportunities and anti-corruption tools.

A wide public reporting programme was initiated to inform public about the unified offices of public services. The opening of each unified office was accompanied by visit of the Minister of Justice and deputy Ministers. Special video was recorded and aired to show how to use those offices.

Wide awareness raising events were also organized to spread knowledge about the existing e-governance tools and anti-corruption tools. One of those tools is of e-draft system, which was largely promoted among society. The representatives of the Ministry of Justice visited Universities and gave lectures to students on the importance and use of e-draft. The website was also demonstrated to civil society representatives by the Deputy Minister of Justice. A special user guide video was developed for e-draft system.

2 awareness raising campaigns were developed with support of EU. On 10.07.2017 the Deputy Minister of Justice met with the Chairs of Law faculties of Different Universities in Armenia and discussed the possibility of starting an educational program on use of innovative electronic tools in law.

A memorandum of understanding was recently signed between the Ministry of Justice and UK embassy to Armenia, which is aimed at supporting public reporting, having a highlight on public awareness raising in whistle blowing sector.

**Assessment of Progress 18th Plenary 2017: SIGNIFICANT PROGRESS**

Regarding NGO participation, the amendments were introduced to the statute of the Anti-Corruption Council for a broader NGO participation. The Council includes one place for a representative of anti-corruption coalition of NGOs comprising around 80 NGOs and 4 other places. 2 NGOs were selected on a competitive basis, FOICA and TI Armenia are members of the Council as a result. 2 places remain vacant. It is also evident that the NGOs can participate and present their work at the Council meetings as observers. During the monitoring procedure, it should be assessed what exactly was changed in the membership criteria and why the 2 seats are still remaining vacant.

As to the awareness raising, the Government cited various occasions at which high level officials spoke about the importance of the fight against corruption. In addition, the Government referred to first set of laws adopted by the newly elected parliament that concern fight against corruption.

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46 The video can be found here [https://www.youtube.com/watch?v=VYfRxEMjkvw](https://www.youtube.com/watch?v=VYfRxEMjkvw)


48 The Article is available at [http://moj.am/article/1806](http://moj.am/article/1806)

49 Available at [https://www.e-draft.am/eng](https://www.e-draft.am/eng)

50 Detailed information is available at [http://moj.am/article/1807](http://moj.am/article/1807)
to show the political will.

Additional information was provided by Armenia about the awareness raising activities in connection with the new e-governance tools and new services and the cooperation agreement with the UK on enhancing the work on whistleblower protection. However, no systemic or targeted anti-corruption awareness or education programmes have been reported.

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 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.51

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

51 http://gov.am/u_files/file/KORUPCIA2.pdf
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 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

54 https://www.facebook.com/WorldBankArmenia/photos/a.972745236141807.1073741828.972728842810113/1051038848312445/?type=e&theater
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.

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 2016: 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 to be 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 are further encouraged. The donor coordination is now limited to the meetings, no viable mechanism has been set up so far.

Government report:

Leading the coordination

It should be highlighted that the Anti-Corruption Council proved to have a leading role in coordination of the Anti-Corruption Strategy and its monitoring. The Council is a platform in which the representatives of the NGOs and state bodies present the results of conducted surveys, as well as the results of implementation of Anti-corruption strategy, the steps aimed implementation of the Anti-corruption actions. The Council discusses the presented results, surveys, and the Chairperson gives appropriate recommendations to the relevant state bodies. The state bodies, from their side, periodically report to the Chairperson on the results of implementation. Thus, according to the Governmental Decision N 165-N of February 19, 2015 on “Establishing Anti-Corruption Council and expert task force, on approving the composition of the

55 http://eunewsletter.am/eu-armenia-joint-fight-against-corruption/
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.

As it was already mentioned, on 29.12.2016 RA Government adopted Decision N1383-N which was aimed at amending the structure of the Anti-Corruption Council and broadening participation opportunities of NGOs.

Resulting to these amendments the Coalition of Anti-corruption NGOs consisting of more than 84 member NGOs, Transparency International and Freedom of Information NGO granted a seat at the Council.

Other interested NGOs which are not member to the Council are always invited and actively participate in the sittings of the Council.

During the reporting period the Anti-Corruption Council met twice - on 21 January and on 17 February, 2017. The minutes of the sittings are published on the official website of the RA Government. Based on the results of the meeting, 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.

As a result of Council’s leading role the most important legal acts adopted recently in the sphere, such as laws on criminalizing illicit enrichment, establishment of new institutional system, establishment of whistle-blowing system, improving of declaration and conflict of interests system, etc were discussed by the Anti-Corruption Council.

**Permanent secretariat**

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 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. Currently, the Task Force provides necessary contribution to the Anti-corruption Programmes Monitoring division. The Task Force has elaborated sectoral actions plan based on the implemented risk assessments. The task force currently, is composed of 4 experts. The Task Force is financed from the funds formed based on the agreement on implementation of the “Support for implementation of Armenia’s anti-corruption strategy” program signed with USAID. With the efforts of the experts the anti-corruption risks in four target sectors were detected and action plans for those sectors were developed.

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

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the monitoring of the actions for the year 2016 are available on the Government’s website (the overall implementation report is available in Armenian\textsuperscript{58}, the report on implementation of actions related to the Governmental Staff is available in English\textsuperscript{59}).

**Capacity of state bodies**

As it was already mentioned four sector-specific experts were hired by the Government Staff of RA to conduct corruption risk analysis in the priority sectors of education, state revenues, healthcare, and police service delivery to citizens and to support to the state bodies to develop and implement sectoral anti-corruption measures. Ministries of Health, Education, State Revenue Committee and Police of the RA, taking into consideration the results of the risk assessments and with cooperation with state bodies, anti-corruption non-governmental organizations and other interested parties have already drafted sectoral anti-corruption programs. These programs have been put into circulation.

A program on training for anti-corruption focal points of the state bodies has been adopted by the order of the Minister of the Justice on 9 August, 2017. The Funds for the implementation of the program are allocated from the State budget. The training is planned to be conducted in September 2017. The abovementioned program is aimed to strengthen the anti-corruption capacities of the focal points.

**Donor coordination**

On 12 December, 2016 a meeting on “Donor coordination in justice sector” was organized with participation of MOJ representatives, international organizations such as European Union, Council of Europe, USAID, OSCE, World Bank, GIZ, IRZ, different Embassies). During this meeting issues regarding fight against corruption were also discussed.

It is worth to mention that the Ministry of Justice has become a coordinating body in the sphere of anti-corruption and good governance. A vital donor coordination meeting with participation of all stakeholders is going to take place in the Ministry of Justice, in September, 2017.

**Assessment of Progress, 18th Plenary 2017: PROGRESS**

Regarding the first component of the recommendation, the Council is more active, it met twice during the reporting period and took important decisions, among them on whistle-blower protection draft law and on institutional framework for fighting and prevention corruption. According to the Government the minutes of its sessions are available online.

Regarding the second bullet point of the recommendation, the Council’s work is supported by the permanent task force which recently started delivering results, among them in relation to risk assessments and sectoral strategies. 4 members of the task force are paid by the USAID. Monitoring division has drafted the report, adopted by the Council, which is available on the web-site. The resources and efficiency of this Division should be assessed as a part of the Fourth Monitoring Round of Armenia.

Increased activity can be noted in relation to the risk assessments by individual agencies, however, the methodological guidance to the agencies is still lacking. The recently adopted training programme of anti-corruption focal points is a good initiative. The trainings should follow soon.

As to the donor coordination, reportedly one meeting was organized on justice sector donor coordination. No donor coordination mechanism has been set up as such, however, the Ministry of Justice seems to be working with donors to ensure the coordination of their efforts. The

\textsuperscript{58} http://www.gov.am/u_files/file/xorhurdner/korupcia/hashvetvutyun-15_06_17.pdf

\textsuperscript{59} http://www.gov.am/u_files/file/xorhurdner/korupcia/report%202016.pdf
efficiency of this framework should be assessed as a part of the monitoring procedure as well.

### 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 jurisdictions, referrals from tax inspectors, auditors and FIUs, complaints received via government websites and hotlines, as well as information from other complaint mechanisms, as a basis for launching investigations.

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

#### 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 127\textsuperscript{th} 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 7\textsuperscript{th} Section with two Chapters (20\textsuperscript{th} and 21\textsuperscript{st}) 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. 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 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.

61 The Interagency Committee is responsible for developing national co-ordination and co-operation arrangements in the AML/CFT field.
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 IIS62. 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 2016: 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 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 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.

18th ACN Plenary Meeting, September 2017

Government report:

Liability of Legal persons

The drafts of new Administrative Offences Code, as well as the new Criminal Code envisages liability for legal persons.

Working Group on developing the New Criminal Code currently works on incorporating the liability of legal persons in special part of the law – providing legal persons’ liabilities for separate types of offences. On 28 of August a meeting with the Minister of Justice and with participation of all stakeholders will take place where the general issues in developing criminal and administrative legislation will be discussed. As a result, the Codes will undergo a final editing process and will be sent for adoption process.

The offence of the trading in influence

The provisions of the Criminal Code regarding the offence of trading in influence were amended

62 In particular, the National Security Service, Police, Interpol, Real Estate Cadastre, State Register, General Prosecutors Office, Ministry of Finance and the Compulsory Enforcement Service
and were made in compliance with article 18 of the UN convention against corruption. In particular, with the assistance of OSCE experts international experience was analyzed and later a law on making amendments to RA Criminal Code was developed, discussed with the stakeholders and adopted by RA National Assembly on 09 of June, 2017.

**Training**

In 2016 and 2017 the Academy of Justice conducted training courses «On Current Issues of Criminal Law» and «On Current Issues of Criminal Procedure», which were attended by acting and candidate judges, prosecutors and investigators. Detecting, investigating and prosecuting of bribery offences were analyzed within the frames of the mentioned training courses.

1) During the above mentioned period the Legal Provision Department of the RA Special Investigation Service organized workshops on modern legal issues/ including methods of combating corruption, measures and improvement of investigation/ every Friday with the presence of all the Service investigators. Investigators were provided by notices as well as by methodological letters with problem resolution proposals arising in practice drafted by the mentioned Department.

2) RA Special Investigation Service representatives took part in various symposiums, seminars, conferences, courses and trainings which were mainly devoted to the effective investigation of tortures, prevention and combating crimes of corruption and official crimes. The course “Current issues of fight against corruption in public service” is included in the continuous training program of prosecutors in the Academy of Justice. 31 prosecutors took part in this training on September 2016, and 36 prosecutors — on April 2017.

A number of prosecutors participated in different international training in regard to the discussing issue.

Thus, the prosecutor of the Department of Combating Corruption and Economic Crimes of the Prosecutor General’s Office took part in the seminar devoted to the problems of fight against corruption which was organized by the George C. Marshall European Center for Security Studies on 10-12 of April, 2017 in Kiev. The Deputy Head of the Department of Investigation of Especially Important Cases, the Head of the Department of Combating Corruption and Economic Crimes, the Deputy Head of the Department of Supervision over Legality and Inquest and Preliminary Investigation, the Senior Prosecutor of the RA Prosecutor General’s Office participated in the training program titled “Investigation and Prosecution of official corruption”, which took place in Prague on 23-29 of April 2017. The prosecutor of the Department of Cases Investigated by the RA National Security Bodies, connected with Illegal Turnover of Narcotic Drugs and Cybercrimes participated in the seminar regarding the issues of returning the assets obtained by means of corruption crimes which took place in Bishkek, Kyrgyzstan, from 27 June – 1 of July 2017. The Deputy Head of the Department of Investigation of Especially Important Cases, the prosecutor of the same Department, the prosecutors of the Department of Combating Corruption and Economic Crimes, the prosecutor of the Department for Cases Investigated by the RA National Security Bodies participated in the training “Fight against corruption” which was organized by the USA embassy to the Republic of Armenia on 2-3 of November 2016. Financial Monitoring Center of the Central Bank of Armenia (FMC) effectively cooperates with law enforcement authorities (LEA) in the course of criminal investigations for gathering financial intelligence information, whenever there is a suspicion of money laundering or terrorism financing (ML/FT) involved.

Cooperation is mutual, and is based on spontaneous or “on request” flows of information. Information requested from the FMC is delivered in an analytical format, rather than as raw data. High level of effectiveness in gathering financial intelligence and strong cooperation between the FMC and LEAs was specifically emphasized in the 5th Round Mutual Evaluation Report of Anti-Money Laundering and Counter-Terrorist Financing Measures of Armenia, adopted on 10 December, 2015 by the Council of Europe MONEYVAL Committee.

For the period concerned, the Analysis Division of the FMC in performing its functions has
conducted analyses based on multi-nature alerts with the potential of comprising ML/FT elements. Where applicable, the results of analyses have been disseminated to LEAs in the form of notifications setting out, *inter alia*, relevant ML/FT hypotheses. In order to improve the use of financial intelligence by LEAs, Guidance on ML Investigations was developed describing the planning phase of ML investigations, the practice of parallel financial investigations, etc. Furthermore, specialized trainings were organized for LEAs in charge of investigating ML cases, focusing on the use of financial intelligence, the practice of conducting parallel financial investigations, challenges in putting forward ML hypothesis, as well as examples of international and domestic judicial acts on ML.

**Detection and investigation**

The Ministry of Justice cooperated with OSCE office in Yerevan to implement the anti-corruption Action Plan’s chapter on Imposing Adequate Sanctions for a Corrupt Conduct and Effective Investigation thereof. In particular, international experience on types of liabilities in force for officials for corruption-related offences, appropriateness of clearly distinguishing the subordination of preliminary investigation bodies investigating criminal cases corruption, and other relevant topics were studied, methodology for investigation of corruption crimes was developed. On 12 December, 2016 a workshop with the representatives of all law enforcement bodies, OSCE experts and Ministry of Justice’s representatives took place, where above mentioned documents were presented, the practical issues in investigation process and their solution mechanisms were discussed. An analysis on investigation methodology of illicit enrichment was developed and published as well, to guide law enforcement servants in investigating that offence.

**Assessment of Progress 18th Plenary 2017: PROGRESS**

The amendments to introduce liability of legal persons for corruption offences are still pending. The Government reported that the new offence of trading in influence was introduced in the legislation. The Government also reported various trainings, both national and international, including on corruption issues, however, none of these concerns specifically the new form of corruption and how to enforce these provisions. Guidelines on investigation of money laundering and methodology for illicit enrichment were developed. No relevant information was reported on the issues of detection and investigation of corruption.

**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 2016: PROGRESS**

Newly adopted constitutional changes introduced functional immunities for MPs and Judges. In the future, it remains to be seen, that in practice the relevant provisions are implemented in a way that immunities do not constitute obstacle for efficient investigation and prosecution of corruption cases.

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<th>18th ACN Plenary Meeting, September 2017</th>
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<td><strong>Government report:</strong></td>
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<td>The Constitutional Amendments of 2015 narrowed the scope of immunity of judges and parliament members. According to Special Investigation Service, which deals with crimes committed by high ranking officials, during the reviewing period the immunity procedures didn’t impede the RA Special Investigation Service’s investigations of corruption cases. The General Prosecutor’s office also stated that there was not recorded any obstacle in prosecuting persons under special category with additional safeguard of the RA legislation. Particularly, a criminal case was initiated by the investigator of the Special Investigative Service against the judge of the Ararat and Vayots Dzor Districts Court of First Instance under point 3, part 4 of the Article 311 of the Criminal Code of the RA for taking bribe of amount 290,664 AMD on 11 of May. RA Prosecutor General presented a petition to the Justice Council in order to present a suggestion to the President of the RA for his agreement to involve L.Arazyan, the judge of the Court of First Instance of Ararat and Vayots Dzor Districts as an accused. On the same day RA Prosecutor General applied to the Council of Justice in order to submit a proposal to the President of the Republic of Armenia about giving consent to detain L.A. On May 12, 2017 Council of Justice discussed the petition of RA Prosecutor General and made a decision to submit an offer to the President of the Republic of Armenia on giving consent to involve the judge L. A. as a defendant and on submitting a proposal to the President of the Republic of Armenia about giving consent to detain the judge. On the same day, RA President gave his consent to involve the judge of General Jurisdiction Court of Ararat and Vayots Dzor, L.A., as a defendant and to detain him. On 13.05.2017 a decision was made to involve L. A. as a defendant under Article 311 part 4 point 3 of the RA Criminal Code, on the same day a petition was presented to use detention as a measure of restraint. Detention was chosen by the court against him as a measure of restraint. On the fact of demanding 1,000 USD for a court decision in favour of the resident of Yerevan by the judge of the General Jurisdiction Court of Shengavit administrative district on 28 October 2016 a criminal case was initiated by an investigator of the Special Investigation Service of the Republic of Armenia under Article 311 part 3 of the RA Criminal Code. On 28.10.2016 the RA Prosecutor General submitted a petition to the Council of Justice on submitting a proposal to the RA President to give consent to involve I. Barsghyan, the judge of the General Jurisdiction Court of Shengavit Administrative District of Yerevan as a defendant. On the same day, RA Prosecutor General presented a petition to the Council of Justice on submitting a proposal to the RA President on giving consent to detain the judge of the General Jurisdiction Court of Shengavit administrative district I. B.. On October 28, 2016 the RA Council of Justice discussed the petitions of the RA Prosecutor General on the consent to involve as a defendant and to detain, made a decision on submitting a</td>
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63 http://armlur.am/689160/

64 Please find the link here.
proposal to the RA President on giving consent to involve the judge I. B. as a defendant and on submitting a proposal to the President of the Republic of Armenia on the consent to detain the judge.

On the same day, RA President gave his consent to involve the judge of the General Jurisdiction Court of Shengavit Administrative District of Yerevan as a defendant and to detain him.

On 28.10.2016 a decision was made to involve I. B. as a defendant under Article 311 part 4 point 3 of the RA Criminal Code, on the same day a petition was presented to use detention as a measure of restraint. Detention was chosen by the court as a measure of restraint.

Another major corruption case was revealed in 2017. Based on the testimony of a citizen a criminal case was initiated and the chair of the first instance general jurisdiction court of Gegharkunik district and a judge from the same court were involved as accused for bribery. Another example refers to arrest of Prosecutor of Gegharkunik region, S. Shhoyan, who was arrested in the scope of a case on giving bribe of specifically large quantities. The Special investigator applied to court to receive permission for prosecutor’s detention. The permission was granted and S. Sh. was arrested.

It is also worth to mention that the newly adopted law on Prevention of Corruption Commission entitled the Commission to deal with issues related to incompatibility and other restrictions of Prosecutors.

Assessment of Progress 18th Plenary 2017: PROGRESS

The Government informed that according to the law enforcement agencies, immunities no longer constitute an obstacle for successful anti-corruption investigations and prosecutions. Statistics have not been provided but the situation was illustrated with the real case examples. It remains to be seen during the monitoring procedure if there had been any rejections for lifting immunities or other impediments to the prosecution of members of parliament or judges.

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 forensic accounting and information technology.

17th ACN Plenary Meeting, September 2016

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

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65 Please find the link here.

66 http://hayatsk.info/news/25908
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 by 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 2016: 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.
**Government report:**  
**Lifting of bank secrecy and access to financial and commercial records**

During the reporting period 40 legal appeals by criminal cases in the proceedings of the Service were presented to the court to get information comprising notarial and bank secrecy which were all satisfied. Position expressed by the RA Court of Cassation within the precedential decision of August 15 /by the EKD/0223/07/14 (ԵԿԴ/0223/07/14) criminal case/ had a positive impact on simplification of procedure for getting information comprising bank secrecy referring to a legal entity in legal practice.

Particularly, the RA Court of Cassation concluded that the 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 (fright against criminality).

At the same time, the Ministry of Justice initiated a research process aimed at detection of problems in bank secrecy lifting and developing relevant suggestions. A comprehensive study of national legislation is being carried out. Discussions with stakeholders are being organized to fund a mutually approved solution.

Moreover, a law “On making a supplement to the law of the Republic of Armenia “On Bank Secrecy” was adopted on June 9, 2017. According to this supplement, the Law of the Republic of Armenia HO-80 of 7 October 1996 “On bank secrecy” was supplemented with Article 13.4 which reads as follows:

**“Article 13.4. Provision of bank secrecy to the Commission on Ethics of High-Ranking Officials”**

1. Provision of credit information on declarant officials and persons within the composition of their families provided for by the Law of the Republic of Armenia “On public service” to the Commission on Ethics of High-Ranking Officials for the purpose of and in the manner prescribed by the Law of the Republic of Armenia “On circulation of credit information and activities of credit bureaus” by their consent shall not be considered as disclosure of bank secrecy.”

**Train investigators and prosecutors on investigations and prosecutions of complex financial cases**

1) In 2016 and 2017 the Academy of Justice conducted training courses «On Current Issues of Criminal Law» and «On Current Issues of Criminal Procedure», which were attended by acting and candidate judges, prosecutors and investigators. Investigations and prosecutions of complex financial cases, were analyzed within the frames of the mentioned training courses.-

2) The prosecutor of the Department of Combating Corruption and Economic Crimes of the RA Prosecutor General’s Office participated in a seminar on "Investigation and prosecution as a result of violations in the field of export control" held in Tbilisi, Georgia from January 31 to February 3, 2017 inclusive.

3) The officers of the various units of Police of the RA regularly participate in the events on anti-corruption topics held in Armenia and abroad organized by international organizations. Within the framework of Eastern Partnership Police Cooperation Program the police officers have participated in the following events: In October, 2016 2 police officers of Police of the RA participated in the tutoring visit „On combating economic

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67 According to the newly adopted law on “Commission for the prevention of corruption” dated 9, June, 2017 the Commission on Ethics of High-Ranking Officials will be transformed to the Commission for the prevention of corruption. Thus, the abovementioned information will be available for corruption prevention body.
crime, money laundering and corruption” held in Paris, France, meanwhile 13 police officers of Police of the RA participated in the training courses „On Professional ethics/ combating corruption” held in Police educational Complex of Police of the RA. During 6 months of 2017 7 police officers of Police of the RA participated in the conference „On Professional Ethics/Combating Corruption” held in Berlin, the Federal Republic of Germany and 6 police officers of Police of the RA participated in the study visit „On ethics and corruption” held in Warsaw, Poland. The topics on prevention of corruption and combating corruption have been lectured in the framework of the various subjects taught at the College and Academy of the Educational Complex of Police of the Republic of Armenia.

Assessment of Progress 18th Plenary 2017: PROGRESS

The Government provided statistics on lifting bank secrecy to illustrate that the regulations do not constitute an obstacle to investigation and prosecution of corruption cases. In addition, the Government informed that the Supreme Court Decision interpreted the access to bank secrecy in a broad manner. The study is conducted by the Ministry of Justice on the subject, as required by the recommendation. In addition, the Government provided the information regarding trainings on financial investigation. Thus, the provided information is sufficient to conclude that there is some progress in implementation of this recommendation.

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 2016: 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 framework, which includes specialized investigative body as well, however, at this stage these are only plans for the future.
Government report:

Anti-corruption specialization within law enforcement and prosecutorial bodies.

The specialization of law enforcement agencies is under attention of RA Government. In particular, the Government Program for 2017-2022, approved on 19.06.2017 by Decision N646-A, includes special point, stating: “By the end of 2020, undertake measures to examine the subordination of the preliminary investigation bodies investigating corruption crimes and the possibility of granting the powers of investigating corruption crimes to a single body.”

For the purpose of implementation of point 49 of Anti-corruption Action plan for 49, which requires submitting a recommendation on the possibility and appropriateness of clearly distinguishing the subordination of preliminary investigation bodies investigating criminal cases of corruption, a relevant research was conducted by the Ministry of Justice. Consequently, the results were discussed with the Investigation Committee; an analysis with recommendations was developed and sent to the staff of RA Government. The Analysis and Recommendation were circulated among relevant state bodies and improved based on opinions received. Currently negotiations are carried out to ensure implementation of those recommendations.

As it was already mentioned during the previous updates, provided by HO-31-N (ՀՕ-31-Ն) law of May 19, 2014 “On making amendments and supplements in the RA law on the Special Investigation Service” structural changes were made, on the basis of order No 13-L (13-Լ) of June 30, 2014 of the Head of the RA Special Investigation Service separate structural units were formed one of them being the Investigation Department of Corruption, Organized and Official Crimes and 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 /including corruption/ were done which assuredly led to additional increase in the quality of investigation of the crimes of corruption.

With the aim of matching the scope of corruption crimes in accordance with the criteria set by the international treaties ratified by the Republic of Armenia, improving the quality of prosecutorial supervision and criminal prosecution in criminal cases on these offenses, by the order number 3 of the RA General Prosecutor dated January 19, 2017 were defined the standards to consider the acts prescribed by the RA Criminal Code as corruption crimes and by the appendix of the order the list of corruption crimes was approved, which included crimes, prescribed in 67 Article of the RA Criminal Code.

By the order of the General Prosecutor of the Republic of Armenia number 26, dated March 13, 2017 order on distribution of labor duties between prosecutors in the system of Prosecutor’s Office of the Republic of Armenia, as well as exemplary forms of regulation on its modification and /or/ supplementation have been set up.

In accordance with sub-points 2 and 3 of point 4 of the mentioned order, prosecutors of Yerevan and regions were instructed with Instructions on distribution of labor duties, as a rule, to ensure the specialization of prosecutors of prosecutor’s offices in certain types of offenses, including crimes against state power and corruption.

Fostering cooperation between law enforcement bodies and control bodies

In the end of October, 2016 in the scope of CoE PCF Regional Project “Fight against Corruption and Fostering Good Governance; Fight against Money Laundering” two experts visited Republic of Armenia and had meetings with different state bodies engaged in anti-corruption fight. A meeting took place at the Ministry of Justice with presence of all law enforcement bodies, where the existing issues in law enforcement field were discussed. The representatives of investigation

68 Available at http://www.gov.am/files/docs/2219.pdf
and prosecution bodies ensured that they closely cooperate to succeed in investigation and prosecution of each case. At the same time, they noted that similar meetings become a platform for communication and foster their cooperation. Moreover, on 12 December, 2016 a workshop with the representatives of all law enforcement bodies and Prosecutor’s office, OSCE experts and Ministry of Justice’s representatives took place, where the issue on cooperation was also discussed. The attendees highlighted that the cooperation is being realized in a very effective manner.

In order to foster the cooperation between law enforcement bodies and control bodies the law “On making supplements and an amendment to RA Law on Prosecution” was adopted on 9 June, 2017. According to the abovementioned law, the Prosecutor’s office has become the centralized body for collecting statistics.

The criminal investigation and prosecution bodies to approach the corruption phenomenon in a more targeted and proactive manner.

As it was mentioned in point 6, a number of high ranking public officials were arrested for suspicion in involvement in corruption. The cases of abovementioned judges and one prosecutor are demonstrated above. The head of medical-social expertise agency of the Ministry of Labour and Social Affairs was arrested in December of 2016, being suspected in taking bribe.

The statistics mentioned in the 9th point comes to prove that during the last year a large number of cases against public officials, including high ranking officials, were initiated.

Assessment of Progress 18th Plenary 2017: LACK OF PROGRESS

No information was provided that would address the recommendation on strengthening the anti-corruption specialization, cooperation between the law enforcement and the control bodies or proactive approach to investigations.

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.

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.

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 2016: 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 necessary budget will be foreseen in 2017 for 51 employees of the Commission. The body responsible for
promoting and controlling 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.

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**18th ACN Plenary Meeting, September 2017**

**Government report:**
To ensure comprehensive criminal statistics on corruption related crimes, the Ministry of Justice developed a law on making supplements and an amendment to RA Law on Prosecution. The law states that:

Prior to 1 April of each year, the Prosecutor General's Office of the Republic of Armenia shall publish a report on investigation of crimes on the website of the Prosecutor General’s Office of the Republic of Armenia. In accordance with investigative jurisdiction, the report must contain information on the results of investigation of crimes committed during the previous year, statistical data, comparative analysis and conclusions thereon. Information, statistical data, comparative analysis and conclusions on the results of investigation of corruption crimes shall be submitted separately. For the purpose of drawing up the report provided for by part 3 of this Article, preliminary investigation bodies shall, in accordance with investigative jurisdiction, prior to 1 February of each year, submit information and statistical data on the results of investigation of crimes committed during the previous year to the Prosecutor General’s Office of the Republic of Armenia. The methodical guide on submitting information and statistical data on the results of investigation of corruption crimes shall be approved by the Prosecutor General.

The Law was included into the Institutional anti-corruption package and was unanimously adopted on 09.06.2017 by the Parliament. It entered into force on 1 July 2017.

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 32 responses were given by the Special Investigation Service on the basis of written inquiries of various media outlets and in regard to the coverage of various criminal cases, more than 205 press releases were announced in three languages /Armenian, Russian and English/ on the official website of the Special Investigation Service.70

The RA Special Investigation Service did a significant work within the framework of combating corruption between the periods from October 1, 2016 to July 1, 2017. During the abovementioned period 301 criminal cases in the proceedings of the Service investigators were of official and corruption nature. 34 cases out of which in regard to 67 persons were transferred to the court by indictments, proceedings of 177 cases were terminated, 25 cases were suspended (17 on the grounds of not identifying the person who must be presented as the accused, 1 on the other grounds), 34 cases were transferred to other preliminary investigation bodies or were conjoined, investigation by the remaining cases is currently underway.

Within the frames of cases transferred to the court by indictments, persons were charged with crimes provided by Articles 17, 308, 309, 311, 312, 313 and 314 of the RA Criminal Code. Criminal cases were initiated on the basis of the following articles of the RA Criminal Code:
- Article 178 part 2 paragraph 1.1 – 4 criminal cases,
- Article 179 part 2 paragraph 1 – 6 criminal cases,

70 http://www.ccc.am/en/
Between the period from October 1, 2016 to July 1, 2017 61 officials were sued on the grounds of committing crimes of corruption and official ones, who held the following positions:

a. Police officials – 30,
b. The RA CES compulsory officer – 9,
c. Customs and Tax Service employees of the RA Ministry of Finance – 5,
d. The RA Investigative Committee officials – 4,
e. Employees of Penitentiary Department of the RA Ministry of Justice – 11,
f. Judge – 1,
g. The RA MES rescuer -1.

In regard to the cases of such nature, 32 legal appeals were submitted to the heads of various organizations and state bodies in order to take measures to eliminate conditions contributing to commitment of the crimes of corruption.

**Assessment of Progress 18th Plenary 2017: PROGRESS**

Armenia reported about the new legislative requirements to publicize statistics adopted recently and the practice of making the information public. The reference was provided to the Armenian version of the statistics published online.

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 siting 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 2016: 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
custom for high-ranking officials was prepared. Government explained that the necessary
budget will be foreseen in 2017 for 51 employees of the Commission. The body responsible for
promoting and controlling 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.

18th ACN Plenary Meeting, September 2017

**Government report:**

*Provide new rights to Ethics Commission related to verification of Declarations and Sanctions*

The Anti-corruption Institutional legislative package was adopted by RA National Assembly on
09.06.2017. Amendment Law on Public Service was included in the package and came into force
on July 1, 2017. The law made fundamental changes in declaration system. It vests the
Commission on Ethics of High-Ranking Officials with the power of declaration analysis through:

1) checking the compliance with the requirements for filling in and submitting a declaration;
2) checking the reliability and integrity of the declared data.

Additionally, the Amendment Law has authorized the Commission to request and receive
information and documents during declaration analysis from state and local self-government
bodies, the Central Depositary and other persons entitled to maintain shareholders’ registry,
credit bureaus. The new Law ensures interoperability between the databases of the Commission
and state and local self-government bodies as well as the specified private organizations. Since
February 2015, the Commission has had an access to the state electronic databases of
1) the State Register of Legal Entities,
2) the State Register of Civil Status Acts,
3) the Population State Register,
4) the Transportation Vehicles Register and
5) the State Committee of Real Estate Cadastre.

The draft Government Decree on “The establishment of the order of providing personal data to
the Commission on Ethics of High-Ranking Officials from the electronic information systems of
the RA Ministry of Labor and Social Affairs, RA Ministry of Justice, RA Ministry of Agriculture, RA
Ministry of Transport, Communication and Information Technologies and State Revenue
Committee adjunct to the RA Government” was elaborated and submitted to the RA
Government.

Meantime, Amendments to the Law on Administrative Offences and the Criminal Code
stipulating administrative sanctions for violation of asset declaration regulations (late submission,
submission with violations of submission procedures and requirements, wrong and incomplete
declaration), as well as criminal punishment for submission of false data or concealing the data to
be declared in the declarations and maliciously non-submission of declarations entered into force
on July 1, 2017. It is worth to note that the sanctions are foreseen not only for officials, but also
their family members having declaration duties. Moreover, the illicit enrichment legislation
adopted in 2016 is also enacted on July 1, 2017.

If, during the administrative proceeding, the Commission comes to a conclusion that there are
indications of intentional failure to submit a declaration or submitting false information in the
declaration or concealing the data subject to declaration - it shall promptly (but not later than
within three days) send the materials to the Prosecutor General's Office.

It is also worth to mention, that the Amendment Law on Public Service expands the scope of
public officials (including high corruption risk positions) who are obliged to submit declarations.
Particularly, the law stipulates a declaration obligation for all the prosecutors, the highest public
service positions at the administrations of the President of the Republic of Armenia, National
Assembly, bodies adjunct to the RA Government, ministries, state agencies operating in their governance system, Special Investigation Service, RA Investigative Committee and Investigative Committee’s Department, tax and customs services, RA Police, judicial and diplomatic services, regional administrations and permanently functioning bodies established by laws, the chiefs of communities with the population of higher than 15,000 and their deputies, the heads of administrative districts of Yerevan city, members of procurement appeal boards. Overall, the scope of declarant officials is expected to increase by more than 2,000 in addition to about 750 officials. The scope of declarant related persons is also expanded to include the family members – spouse, minor child and all the persons living together with the declarant official instead of the previously defined persons – the spouse, the parent living together with him/her, the adult single child living together with him/her.

**Independent Budget**

The Amendment Law on Public Service, entered into force on 1 July 2017, foresees the establishment of a staff for the Commission on Ethics of High-Ranking Officials, which will ensure effective implementation of its activities. According to the Law, the Commission will be financed from the state budget through a separate budget line (to ensure human, financial and technical resources) as well as other sources allowed by legislation. A decision on “Approving the number of employees and staff list of Commission on Ethics of High-Ranking Officials of Armenia” was approved by the Government of Armenia on 27 July, 2017.

**To promote and control common public service standards and practices across the public administration**

The new amendments to RA law on Public Service came to improve the conflict of interest regulations as well. Particularly, according to the law all high ranking officials shall submit interest declarations to Ethics Commission. Thus, the Commission has a lever to supervise integrity of high ranking officials of public service. At the same time, RA Law on Commission for Prevention of Corruption, which was adopted on 09.06.2017, and will enter into force on 01.04.2018, provides that Commission some controlling functions to ensure integrity in public service. In particular, the Commission for Prevention of Corruption will have powers to submit a recommendation on making clarifications of advisory nature regarding the code of ethics of high-ranking officials (except for Deputies, judges and prosecutors), as well as on taking steps aimed at solving a situation of clash of interests, interpret the incompatibility requirements and other restrictions prescribed by this Law, revise opinions of the ethics commissions of the relevant bodies, maintain the statistics on the cases of violations of incompatibility requirements and other restrictions, as well as of clash of interests and report data; submit recommendations on organising anti-corruption trainings and including them in educational programmes, as well as in training programmes for officials and public servants.

**Assessment of Progress 18th Plenary 2017: SIGNIFICANT PORGRESS**

Major developments took place in the reporting period in response to the recommendation. The package of laws was adopted to a) expand the scope of declarants (2,000 new declarants added to 750 previously covered by the law) and to include family members as well; b) the Commission for High-Ranking Officials was granted with the powers to ensure monitoring and verification of the asset declarations c) the new administrative violations were introduced in relation to late submission of declaration or submission of false declarations and criminal responsibility for knowingly submitting false information d) the Commission was granted access to relevant databases and e) illicit enrichment was introduced as a separate offence. These laws should be examined in detailed during the monitoring procedure. The Commission was granted a separate budget and necessary human resources (the relevant regulations entered into force in July 2017). In this light it is evident that Armenia has yet to show the practical implementation of the relevant provisions on monitoring, verification and sanctioning violations in relation to asset
declarations.

No relevant information has been provided in response to the last part of the recommendation, the information concerns mainly the supervision of conflict of interest regulations. On the other hand, the Transparency International Armenia reported that the newly established Commission on Prevention of Corruption has some controlling powers in relation to public service standards. These issues should be explored in detail during the monitoring procedure.

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. 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**

**Assessment of Progress - 17th Plenary 2016: 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.

**18th ACN Plenary Meeting, September 2017**

**Government report:**

**Ethics Commissions in public service**

The newly adopted RA Law on Commission for Prevention of Corruption has properly regulated the general issues regarding Ethics Commissions, Conflict of interests, restrictions, etc. Meanwhile, the specific questions will be regulated by sublegislation based on the abovementioned law. Thus, despite the fact that state bodies informed that the sectoral ethics commissions are formed and functioning, the Ministry of Justice, based on own researches and also studies made previously by the assistance of World Bank, developed legal draft aimed at covering the gaps existing in the given sector.

Besides, according to the Directive of the President of the Republic of Armenia of 20 December 2016, № NK-263-A "On Establishing Task Force to Ensure Public Service Reforms", a working group headed by Deputy Prime Minister has been set up, within the framework of which the new draft law of the Republic of Armenia "On Civil Service" is being elaborated, which shall regulate the procedures for the establishment and functioning of ethics commissions in civil service, their scope of competence, their role in the conflict of interests of civil servants, restrictions, accountability, the body in charge of coordinating the activity of ethics commissions, the coordination of anti-corruption functions of ethics commissions and HRM units, as well as other issues related to raising the efficiency of ethics commissions.

To ensure the maintenance of the ethical principles and behavioural rules the Ethics Commissions have been created in the RA Ministries and the compositions of the Commissions have been approved.

**Designate a responsible body**

As mentioned above, on June 9, 2017 a new law on Corruption Prevention Commission was adopted, which vested the new agency with the coordination powers. More specifically, the

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71 See attached the report of the program, prepared in August, 2016.
Corruption Prevention Commission will: a) provide the ethics commissions of respective agencies with specialized counseling and methodological support on incompatibility requirements and other limitations b) review the conclusions of the respective ethics commissions to ensure uniform interpretation and application of general legislative rules on incompatibilities and restrictions.

**Establish a mechanism for coordination**

Directive of the President of the Republic of Armenia of 20 December 2016, № NK-263-A "On Establishing Task Force to Ensure Public Service Reforms” considers the importance of fostering cooperation between the ethics commissions, human resources management departments and the anti-corruption focal points in each state body. The new legislative package developed by that Working Group will address those issues as well.

**Assessment of Progress 18th Plenary 2017: PROGRESS**

The main development under this recommendation is the adoption of the new law on the Corruption Prevention Commission designating this body as a coordinating agency responsible for providing methodological guidance and ensuring uniform interpretation of the relevant provisions across the public agencies. According to the Government the law in addition provides general regulation for ethics commissions, which need to be specified by forthcoming secondary legislation. A task force was established to coordinate the civil service reform, which is in charge of drafting a new law on civil service, that among other issues will include provisions on ethics commissions, their functions, coordination, etc. Thus, no practical steps have been taken to ensure efficient functioning in practice of the ethics commissions so far.

**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.

**17th 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 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 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;
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;

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 2016: 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.

18th ACN Plenary Meeting, September 2017

Government report:

Develop Codes of ethics or conduct for special categories of public servants prescribed by Law on Public Service, Revise and update codes of conducts

On 9 June 2017 RA Law on commission for the prevention of corruption was adopted which authorizes corruption prevention commission to follow observance of the incompatibility requirements and other restrictions for high-ranking officials, as well as the code of ethics of high-ranking officials, except for MPs, judges and prosecutors, regulations for clash of situational interests (Article 23). Besides, Commission also has powers to submit recommendations aimed at preventing and eliminating violations of incompatibility requirements, other restrictions, code of ethics, as well as situations of clash of interests (including recommendations relating to subjecting high-ranking officials to liability) to the competent body or high-ranking official (Article 24), to submit a recommendation on making clarifications of advisory nature regarding the code of ethics of high-ranking officials (except for Deputies, judges and prosecutors), as well as on taking steps aimed at solving a situation of clash of interests (Article 24). So Corruption prevention commission is responsible for prevention of violations of code of ethics as well as for ensuring the unity of their application and for due implementation of that task has some functions.

Based on Constitutional amendments, the new Judicial Code, new Law on Constitutional Court and new Law on Prosecution, new law on Rules of Procedure of National Assembly were developed, and some of them have been already adopted. The laws revised the ethics
regulations for respective public servants. Upon the adoption of those laws, relevant codes of conducts are being elaborated.

Provide practical training to public officials about the use of code of ethics in practice
In 2016 Academy of Justice conducted a training course for judges, entitled "Professional Ethics of Judges", which was attended by 84 judges.
In 2017 Academy of Justice conducted training course for candidates of judges on "Professional Ethics of Judges", which was attended by 19 candidates.
In 2017 Academy of Justice conducted training course on "Professional Ethics of Prosecutors" both for acting prosecutors and for candidates. The course was attended by 21 candidate and 36 acting prosecutors.
In 2017 the Academy of Justice conducted a training course “Professional Ethics of Investigators” for candidates of investigators, which was attended by 52 candidate investigators.

Training programmes for civil servants were implemented at the Public Administration Academy of the Republic of Armenia, which encompass ethical and anti-corruption components. Since September 2016 till July 19, 2017 training programmes of 555 civil servants (out of which 334 higher and senior officials, 221 leading and junior officials) were implemented on the following topics:
“Financial Management” Course: “Professional and Moral Ethics of Public Servants; Etiquette”- (4 hours), and “Corruption and Mechanisms to Combat It” (4 hours)- 149 civil servants.
“Organizational Psychology” Course: “Professional and Moral Ethics of Public Servants; Etiquette”- (4 hours), and “Corruption and Mechanisms to Combat It” (4 hours) – 178 civil servants.
“Public Relations in the Management System” Course: “Ethical and Legal Bases of PR” (2 hours) and “Ethics and Etiquette” (4 hours) - 25 civil servants.
“Personal and Managerial Skill Building” Course: “Professional and Moral Ethics of Public Servants; Etiquette” (4 hours), and “Corruption and Mechanisms to Combat It” (4 hours) – 114 civil servants.
“Effective Management Technologies” Course – “Professional and Moral Ethics of Public Servants; Etiquette” (4 hours) – 89 civil servants.
A manual of one volume on “Legal Comparative Analysis of Public Service Activity and Its Types” guaranteed for (thematic) funding in the frame of the Scientific and Technological Activity Agreement will be published in 15T-5E025 code, which will comprise 200-250 pages and will be issued in at least 300 copies.
The main objective of the study is to scientifically analyze and present the principal means and ways of preventing corruption in public service system, as well as the rules of conduct, ban on accepting gifts, conflict of interests, property and income declaration in the public service.

Assessment of Progress 18th Plenary 2017: PROGRESS
Trainings were carried out on ethics conducted for various categories of civil servants. In addition, amendments seem to have been introduced in the ethical rules for judges and prosecutors. Armenia also pointed to the related functions of the newly introduced Corruption Prevention Commission. These novelties need to be analysed in detail during the monitoring procedure.

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 60^1, 60^2, 60^3, 60^12 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 2016: 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.

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**18th ACN Plenary Meeting, September 2017**

**Government report:**

**Merit based appointments**

According to the Directive of the President of the Republic of Armenia of 20 December 2016, № NK-263-A "On Establishing Task Force to Ensure Public Service Reforms", a working group headed by Vice Prime Minister has been set up, within the framework of which the new draft law of the Republic of Armenia "On Civil Service" is being developed, stipulating that the vacant civil service positions shall be filled by internal and external methods of competition (the out-of-competition method shall be replaced by internal competition), based on the merit system.

As regards the evaluation of integrity and ethics skills in recruitment and selection procedures for filling vacant civil service positions, these issues will be addressed in the draft laws of the Republic of Armenia "On Civil Service" and "On Public Service".

The RA Law on Commission for prevention of Corruption sets rules for merit based selection of Commission members. In particular, the members shall be selected through a competition by a competition board, the law states:

"1. The Chairperson of the National Assembly shall establish a competition board (hereinafter referred to as “the Board”) for selection of candidates for the position of a member of the Commission.

2. The Board shall comprise members, each appointed by the Chairperson of the Constitutional Court, the Human Rights Defender, the opposition factions of the National Assembly, the Public Council and the Chamber of Advocates. The member of the Board shall be appointed by the opposition factions of the National Assembly by consensus.

3. The Chairperson of the National Assembly shall appeal to the Chairperson of the Constitutional Court, the Human Rights Defender, the opposition factions of the National Assembly, the Public Council and the Chamber of Advocates to nominate one candidate with a view to including them within the composition of the Board. The Public Council shall nominate a candidate from among civil society representatives.

4. The individual composition of the Board shall be approved by the Chairperson of the National Assembly and shall be published on the official website of the National Assembly."

The merit based selection through competition is also provided for the newly established Probation service, as well as for healthcare officials of penitentiary service. Relevant amendments and additions have been implemented in the position passports of civil servants of anti-corruption responsible units the staff of Ministries.

The recruitment procedures of teachers and directors have been reviewed. Specifically: The vacancy of teacher of the general educational institution is filled in by a new procedure with a competition, and the announcement of the competition is published in the press or on the official website (including the "Education" weekly and the official website of the RA Ministry of Education and Science www.edu.am).

The principal may be selected the person who has undergone the appropriate training and has the right of managing general educational institution (certificate). For current directors (who already has a certificate), a mandatory requirement is set out: periodical trainings in each 5 years. The vacant position of director of the preliminary (craftsmanship) and middle professional educational institution is also completed by a competition.

**Majority of vacant posts are filled through competition**
During the reporting period 87.5 percent of civil servants were appointed based on the results of competitions organized in Civil Service Council. The other 12.5 percent of servants were appointed without competition, as the appointment was conditioned with reorganization of public bodies.

**Guidelines on evaluating integrity and ethics competencies in the selection process**

The working group “On Establishing Task Force to Ensure Public Service Reforms” is also in charge of developing guidelines on evaluating integrity and ethics competencies in the selection process.

**Assessment of Progress 18th Plenary 2017: PROGRESS**

Since the civil service reform is currently ongoing in Armenia, the new developments in relation to the merit-based recruitment concern specific, isolated institutions, such as probation service and the education system. In addition, the Government highlighted the competitive recruitment procedure for the newly introduced Corruption Prevention Commission established by the law. As regard the systemic approach, the task force for civil service reform is working on the new Civil Service Law, as reported by the Government, this includes the work on the guidelines for evaluating integrity and ethics competences in the process of selection. In the meantime, Armenia reported that 87.5% of recruitments have been based on competition.

**Recommendation 14: Conflict of interest**

- 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.

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.

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. In respect of the second part of the recommendation the analysis of legislation has been 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.

Government report:

Development of legal norms
The recently adopted RA Law “On making amendments and supplements to the Law of the Republic of Armenia “On Public Service“ dated 9 June, 2017 foresees the introduction of interest declarations in the public sector of Armenia. In particular, it states that the declarant officials shall be the high-ranking officials, as well as persons holding highest positions of the civil service
but not acting as high-ranking officials, persons holding highest positions of the state service in Staff of the National Assembly of the Republic of Armenia, the Secretary General of the Ministry of Foreign Affairs of the Republic of Armenia and the head of a separate subdivision of Staff, persons holding highest positions in the Special Investigation Service of the Republic of Armenia, the Investigation Committee of the Republic of Armenia, state service of the Department of the Investigation Committee of the Republic of Armenia, the Chief of Staff of the Special Investigation Service of the Republic of Armenia and the deputy Chief of Staff, the heads and deputy heads of the state bodies operating in the field of management of the ministries of the Republic of Armenia, persons holding highest positions in the judicial service, persons holding highest and chief positions in special services, except for persons holding chief positions in the republican executive bodies of defence, national security and rescue services, persons holding chief positions in the Penitentiary Service and the Judicial Acts Compulsory Enforcement Service, prosecutors, investigators of national security authorities, tax and customs services, the Investigation Committee and the Special Investigation Service, heads of communities with a population of 15,000 and more, heads of the administrative districts of Yerevan, members of the Procurement Appeals Board. A declarant official shall submit declarations on property and income to the Commission on Ethics of High-Ranking Officials as prescribed by this Law, and a high-ranking official — also a declaration on interests.

The law also provides detailed description of the interest declaration’s content. It will include the following sections.

1) “Participation in commercial organisations”
2) “Transferring the share to trust management in a commercial organisation with the participation of a high-ranking official”
3) “Transferring the share to trust management in a commercial organisation with the participation of a high-ranking official”
4) “Membership in non-commercial organisations and representation in their management, administrative or supervisory bodies”
5) “Membership in political parties and representation in their management, administrative or supervisory bodies”
6) “Contracts concluded with the Republic of Armenia or communities by a high-ranking official and the persons within the composition of his or her family, as well as by the organisations with their participation”.

The features of information subject to provision under each section are explained in the Law.

**Analysing Law and revise legislation in order to address the identified deficiencies.**

It is worth to mention that based on the existing Constitutional changes a number of new laws have been developed by Working groups. The new Judicial Code, new law on Constitutional Court, new law on Prosecution were developed and the sections on ethics and interest were revised and rewritten.

As mentioned above, the Working Group develops new draft law of the Republic of Armenia "On Civil Service" and a number of laws were amended in the scope of institutional anti-corruption amendments.

Separately, the earlier mentioned Law on Commission for Prevention of Corruption stipulates provisions on monitoring of compliance with incompatibility requirements and other limitations set for the high-ranking officials of Armenia.

Meanwhile, the Commission on Ethics of high-ranking officials has prepared a comprehensive study on the gaps in the system of other activity restrictions stipulated for high-ranking officials of Armenia. Based on the study results, activity restrictions of high-ranking officials were tightened. For example, by the Government Decree N1160-N of November 10, 2016, high-ranking officials are no more allowed to take the position of a chairman of the board in the enterprises with state participation.

Two Government Decisions were developed by the Commission on Ethics of high-ranking officials, improved by the Ministry of Justice and approved by the Government of RA. The
Decisions N 887-N and 907-N were adopted by RA Government on 27.07.2017 and aim at eliminating paid participation of public servants and high ranking officials in boards of directors of public organizations of energetic sectors, and excluding the of public servants and high ranking officials from being state share managers at enterprises with less than 75 percent state representation.

The Commission also carried out a comparative analysis of more than 24 Laws and regulations on ethics rules, conflict of interest and activity restrictions set for the employees in public sector. The outcomes of the analysis are used for providing the Government with the recommendations related to setting identical ethics standards and ensuring uniformity of their application.

**Assessment of Progress 18th Plenary 2017: PROGRESS**

In relation to the first part of the recommendation, the Government of Armenia reported that the Law on Public Service has been amended to introduce the regulations on declaration of interests. In relation to the second part of the recommendation, the comparative legal analysis was conducted by the Commission for the High-Ranking Officials on existing legislative gaps. Alternative reports of NGOs confirm these developments, however, according to one alternative report, the provisions related to procedures in cases of conflict of interest remained unchanged, making new amendments inconsistent with the other provision of the law. Furthermore, these procedures are defined for high-ranking officials only not other subjects of declaration of conflict of interests. The amendments should be analysed in detail during the monitoring procedure to evaluate whether or not the first part of the recommendation has been addressed by Armenia. Regarding the second part, it still seems to be at the analysis stage (first element of the recommendation), the amendments have not been introduced yet.

According to the progress update methodology, Armenia showed progress in implementation of the recommendation 14.

**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 2016: 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 on 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.

**18<sup>th</sup> ACN Plenary Meeting, September 2017**

**Government report:**
As it was already mentioned, on 12 December, 2016 a workshop with the representatives of all law enforcement bodies, OSCE experts and Ministry of Justice’s representatives took place, where the needs of creation legislative guaranties and appropriate mechanisms were discussed. A working group was set up by the order N 600-A, of the Minister of Justice, dated 21, December 2016. The working group aimed at establishment of legal guaranties for whistleblowers and consisted of representatives of Ministry of Justice and NGOs. The law on whistle blowing system was drafted and discussed with different stakeholders. The law also was put on public discussion on [www.e-draft.am](https://www.e-draft.am) . Based on the results of the discussions, the law was included into the legislative package on anti-corruption and was unanimously adopted by RA National Assembly on 9 June, 2017. The law on “Whistle blowing system” provides a number of guaranties for protection of whistleblowers. The law defines two types of reporting-internal and external. Besides, according to the law a unified electronic platform for whistle-blowing will be created. Through this platform the whistle-blower may anonymously submit information about a crime.

On 31 July, 2017 a memorandum of understanding was signed between the Minister of Justice and UK Ambassador in Armenia aimed at supporting the establishment of whistle blowing system. A big component of this program is dedicated to the awareness raising. Moreover, starting from January 11<sup>th</sup> 2017, “Hot line” has been launched at the Human Rights and Integrity Building Center of the Ministry of Defence of the Republic of Armenia. This provides the opportunity to the servicemen, civil servants and civil society to present their concerns relating military service through free-of-charge phone calls. Within this framework, the Center operates as a coordinating and advisory body, which readdresses the problems/issues raised by the servicemen or civilians to the respective departments and subdivisions, provides general and legal advices and develops and designs systematic solutions of the problems based on the frequency of the raised issues and statistics related data.

**Assessment of Progress 18<sup>th</sup> Plenary 2017: SIGNIFICANT PROGRESS**

Armenia adopted the new law on protection of whistleblowers and launched a hotline in the Ministry of Defence. UK is supporting the implementation of the law, including awareness raising. This is a big step forward which should be followed by implementation, among them creating the channels to report corruption in public institutions and awareness raising as provided in the recommendation 15 of the Third Monitoring Round.

**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

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72 [https://www.e-draft.am/projects/10](https://www.e-draft.am/projects/10)
73 See attached the law.
74 [http://moj.am/article/1827](http://moj.am/article/1827)
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.

17th ACN Plenary Meeting, September 2016

**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. 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. 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. The workshop was conducted by an invited international ethics expert Valts with the use of interactive instruments including real life case studies and discussions.

**Assessment of Progress - 17th Plenary 2016: PROGRESS**

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 measurable 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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**18th ACN Plenary Meeting, September 2017**

**Government report:**

**Academy of Justice**

In 2016 Academy of Justice conducted a training course for judges, entitled "Professional Ethics of Judges", which was attended by 84 judges.

In 2017 Academy of Justice conducted training course for candidates of judges on "Professional..."
In 2017 Academy of Justice conducted training course on "Professional Ethics of Prosecutors" both for acting prosecutors and for candidates. The course was attended by 21 candidates and 36 acting prosecutors.
In 2017 the Academy of Justice conducted a training course “Professional Ethics of Investigators” for candidates of investigators, which was attended by 52 candidate investigators.

"Legal education and rehabilitation program implementation center" State Non-Profit Organization
“Fight against Corruption and Corruption Strategy” course has been included in the training program for penitentiary servants. From 05.09.2016 to 14.10.2016 147 penitentiary servants participated in this course, which had duration of 4 academic hours and had been approved by the Order N 31-A of the Minister of Justice of RA.
A training was held (hereafter training) for 45 civil servants (higher, chief, leading, junior specialists) on the topic of “Fight against Corruption” from 26.09.2016 to 18.11.2016. Duration of the training was 72 academic hours and had been approved by the Decree N 1080-A of Civil Service Council.
It was planned to conduct training of notary activity for 4 candidates of notaries on the topics of “Notary ethics” and “Combating money laundering and terrorism financing” on 02.05.2017 to 02.08.2017. Duration of training is 120 academic hours and has been approved by Order N215-A of the Minister of Justice of RA.
A program on training for anti-corruption focal points of the state bodies have been adopted by the order of the Minister of the Justice on 9 August, 2017. The training is planned to be conducted in September 2017. The abovementioned program is aimed to strengthen the anti-corruption capacities of the focal points. Duration of the training is 60 academic hours and was approved by the Order N 192-A of Minister of Justice of RA.

RA Civil Service Council
On 10 December 2012, the RA Civil Service Council approved the training program on "Fight against Corruption" (the training program on "Fight against Corruption" includes the concept of corruption, prerequisites of origin, types of corruption offenses, non-criminal corruption offenses, means for preventing corruption, the role of international cooperation in the fight against corruption, corruption risks in public service as well as the socio-psychological basics of corruption) by its Decision №1080-Ա, on 7 October 2014 the training program on "Ethics in Public Service" (the training program on "Ethics in Public Service" includes the Code of Ethics for Civil Servants, the concept of "ethics", its essence and significance, the concept of professional ethics and principles, ethical and non-ethical behaviour and components of ethics) was approved by Decision №934-Ա. By respective Decisions №937-Ա of 30 November 2009, №499-Ա of 23 June 2010 and №305-Ա of 17 April 2013 "Basics of Integrity", "Freedom of Information and Public Relations in Governance System" training programs were approved, which included anti-corruption topics related to awareness raising and ethics. The above-mentioned programs were implemented for all groups of civil service positions.
Since September 2016, 125 civil servants were trained with the above mentioned programs, other 126 civil servants will be trained in autumn 2017.
In the autumn of 2016, about 100 civil servants were also trained in the framework of informal education.

Commission on Ethics of High-Ranking Officials
The Commission on Ethics of High-Ranking Officials, together with the Armenian Office of the German Federal Enterprise for International Cooperation (GIZ), organized a workshop on “The Enforcement Characteristics of the Public Ethics Norms in Prosecutorial and Judicial Systems”, which took place on October 1-2, 2016 in Dilijan, Armenia. The aim of the event was to share insights on public ethics norms applicable to judges and prosecutors who are high-ranking officials and discuss cooperation possibilities between the Commission on Ethics of High-Ranking Officials (that is to ensure the enforcement of public ethics rules) and sectorial ethics commissions.
José Igreja Matos, judge of Portugal’s Court of Appeal, the Vice-President of International
Association of Judges and Zorana Markovic, the former Chairperson of the Anti-Corruption Agency of Serbia and current UN Legal Adviser were invited experts of the workshop. They led discussions and delivered presentations on the European best practice of public ethics rules’ enforcement and institutional models in judicial and prosecutorial systems. As it was mentioned in recommendation 12, training programmes for civil servants, implemented at the Public Administration Academy of the Republic of Armenia, which encompass ethical and anti-corruption components.

Public administration academy of the Republic of Armenia
Since September 2016 till July 19, 2017 training programmes of 555 civil servants (out of which 334 higher and senior officials, 221 leading and junior officials) were implemented on the following topics:

“Financial Management” Course: “Professional and Moral Ethics of Public Servants; Etiquette” - (4 hours), and “Corruption and Mechanisms to Combat It” (4 hours) - 149 civil servants.
“Organizational Psychology” Course: “Professional and Moral Ethics of Public Servants; Etiquette” - (4 hours), and “Corruption and Mechanisms to Combat It” (4 hours) – 178 civil servants.
“Public Relations in the Management System” Course: “Ethical and Legal Bases of PR” (2 hours) and “Ethics and Etiquette” (4 hours) - 25 civil servants.
“Personal and Managerial Skill Building” Course: “Professional and Moral Ethics of Public Servants; Etiquette” (4 hours), and “Corruption and Mechanisms to Combat It” (4 hours) – 114 civil servants.
“Effective Management Technologies” Course – “Professional and Moral Ethics of Public Servants; Etiquette” (4 hours) – 89 civil servants.

A manual of one volume on “Legal Comparative Analysis of Public Service Activity and Its Types” guaranteed for (thematic) funding in the frame of the Scientific and Technological Activity Agreement will be published in 15T-5E025 code, which will comprise 200-250 pages and will be issued in at least 300 copies.

The main objective of the study is to scientifically analyze and present the principal means and ways of preventing corruption in the public service system, as well as the rules of conduct, ban on accepting gifts, conflict of interests, property and income declaration in the public service.

RA Ministry of Territorial Administration and Development
For the improvement of the application of the RA Law "On Freedom of Information", strengthening the knowledge and skills of public servants and anti-corruption skills, Ministry of Territorial Administration and Development of RA organized training for community servants. These trainings were conducted in accordance with relevant programs, including issues related to anti-corruption, establishment of integrity and freedom of information.

As of December 31, 2016 495 community servants have been trained according to the mentioned program. It should be mentioned that in 2016 it was envisaged to carry out training of 500 community servants

RA Judicial Department
The courses "Current Issues in the field of combating corruption in public service" and "Judicial professional ethics" have been included in the training program of the persons included in the list of judges' candidates.

From of February to March of 2017 within the framework of regular retraining courses for the judicial servants, the Rules of conduct of court servant defined by Decree № 13N of the RA Council of Court Chairmen dated 16.10.2007 were also discussed.

Assessment of Progress 18th Plenary 2017: PROGRESS
The Government of Armenia reported progress in relation to the first part of the recommendation i.e. organizing and delivering trainings on anti-corruption and ethics for various categories of public servants. The information includes number of trainings and trained staff and the trainings planned for the future. Welcoming development is the approval of the unified training programme and the activity carried out aimed at familiarizing Armenian professionals...
with the international trends on the issue. Alternative reports by NGOs confirm this information. Nevertheless, it would be important to show systemic approach to ethics trainings, in particular, by designating a responsible body to coordinate and monitor the training activities and evaluate the results as recommended by the second part of the recommendation. No progress can be noted in relation to this part of the recommendation 16 since the last monitoring (the last three progress updates).

**Recommendation 17: Transparency and discretion in public administration**

- Ensure proper regulatory impact assessment before adopting legislation and stability of legislation as much as possible to the benefit of businesses in Armenia;
- Continue introducing e-governance tools aimed at decreasing the customer contact with the Government bureaucracy and reducing the risks of corruption;
- Make the OGP national platform operational and efficient forum for discussing policy initiatives and monitoring of implementation of e-governance, transparency and accountability initiatives;
- Finalise inspections reforms with the involvement of the relevant stakeholders;
- Complete Tax and Customs Reform and ensure their implementation in practice.

**Government report**

**Regulatory impact assessment**

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...
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-governance 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 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 "Armavir" 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.80

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.81 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.\textsuperscript{62} 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.

\textbf{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

\textsuperscript{62} http://www.ogp.am/en/news/Item/2016/04/22/3rdAPmeetings/
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 check-points 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

https://trade.gov.am
• 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 2016: 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 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.

18th ACN Plenary Meeting, September 2017

Government report:

Ensuring regulatory impact assessment

On June 9, 2017, the National Assembly passed the The Law On “Amendments to the RA Law On Legal Acts”, which provides that RIA is not mandatory in every case and every legal act draft (including acts of technical nature), but only on the instruction of the Prime Minister or the Government.

Besides, according to the above-mentioned law, the draft is not sent to the Government’s conclusion but rather circulated and the Government may submit proposals. Therefore, if the RIA is to be issued on the basis of the RA Prime Minister’s or Government’s instruction on such a draft, the RIA conclusions will be attached to the Government’s recommendations.

The Ministry of Justice has recently drafted the amendments to the RA Law on Legal Acts which was fully redrafted, including the provisions relating to the RIA. The mentioned draft is currently under discussion.

Meanwhile, the World Bank introduced the "Strengthening the Regulatory Impact Assessment and Institutionalization project in Armenia” report, which was reviewed in February this year by "Foundation and the recommendations by the National Center for Legislative Regulation” Fund (the Fund) and was submitted to the World Bank.

In January and June, the Fund implemented two trainings on the methodology of regulatory
impact assessment, which was attended by a number of ministries employees. Participants have gained theoretical and practical knowledge on the new methodology of RIA.

Introduce e-government tools

One of the most important priorities for the Armenian Government is the development and introduction of e-democracy tools. Information and legal technologies are the main integral elements of e-democracy. The promotion of e-democracy tools stems from the aspiration to make our Government, and its political and legislative processes, more open for all members of society. Having chosen the implementation of European and international principles and values as a priority, the Republic of Armenia, with the support of the European Union and other donor organisations, has undertaken a number of initiatives towards strengthening e-governance - as an integral part of e-democracy - through legal framework improvement and the deployment of different e-applications. These activities are transforming the way in which the Government interacts with its citizens, as well as changing the way that Government agencies interact with each other.

- Development and introduction of an e-probation service. This would be aimed at automating the management processes of the probation service, electronic management of probation cases, and development of an electronic database.
- Digitization of all state registration of civil acts documentation to ensure a comprehensive database of the e-civil system. Combination with the State Registry of Population system will avoid data errors, and information can be transmitted and received online by Territorial Registrar offices. The main outcome will be a reduction in the current time-consuming service provision by the Civil Acts Registration Agency.
- Development and introduction of an e-petition system. This will enable visitors to the system to sign petitions online. When there are enough signatories, the resulting letter can be delivered to the subject of the petition. The system will ensure direct participation of civil society in the decision-making process, so providing an active platform for dialogue between State and citizen.
- Development and introduction of an e-bankruptcy system to ensure transparent and open information flow regarding the legal status of the person or entity in the process of bankruptcy. An e-bankruptcy system could also offer a bankruptcy advice service giving help in discharging bankruptcy, and implementing effective rehabilitation within the existing legal framework.
- Further modernization of the www.azdarar.am website which is designed for public announcements and serves as an electronic platform for online notices.
- Development and introduction of an e-court unified electronic system which will ensure and facilitate better performance of the courts. The e-court system will include DATALEX, CAST and FEMIDA systems, allowing better operating administrative and procedural aspects of court functions, as well as promoting increased efficiency by expediting access to information.
- Development and introduction of an electronic system for Unified Operators for State Services. This system will allow access to state services online without the need for attendance at state agencies. As a result citizens will be able to access state services in more cost-effective and less time-consuming way. This will ensure better, faster and cheaper administrative processes. The main beneficiary will be the business sector.

To ensure the performance of the event "Public Awareness on the Lawmaking Activity of Public Administration Bodies" provided for Part 2, Point 8 of the “Open Government Partnership Second Action Plan” a compulsory requirement is set to place the drafts of normative legal acts elaborated by the drafting bodies on their official website as well as on a unified website for publication of drafts of legal acts administered by the Ministry of Justice of the Republic of Armenia - e-draft.am. The legislative changes were made by the Decision No 1134-N of the Government of the Republic of Armenia of September 2, 2016 "On Amendments and Addenda to the Decision of the Government of the Republic of Armenia No. 296-N of March 25, 2010" and
the website was submitted to public use. The civil society now gets acquainted with the projects already posted here, and submit their suggestions and remarks, which are being included in the summary of the suggestions and remarks of the drafts. Creation of such possibility ensures public participation in the legislative process, including the public discussion, which has a direct impact on the State's policy in different areas.

For prompt response to complaints and requests raised by citizens, organizations and other stakeholders, the Ministry of Justice of Armenia has created the web page “Hot Line”.

The goal of the hot line is to improve the quality of services provided by the relevant departments of the RA Ministry of Justice, and to ensure the open, transparent, participatory and accountable services provided by the Ministry of Justice to the public.

A number of important e-governance tools were introduced in separate sectors of public administration.

**In the field of medical and social expertise:**

A package of Government Decrees was approved which will ensure the introduction of a new model of disability definition based on WHO International Classification of Functioning (ICF) framework, the main aims of which are:

- Increase the level of objectivity in the process of defining disability, and make it transparent;
- Enhance the efficiency and targeting of services for people with disabilities.
- Organizing supervision and curation in all regional Medical and Social Expertise committees where the process of evaluation and disability determination is done under the supervision of the Department of Re-expertise functioning within the structure of the Agency of Medical and Social Expertise.

On the basis of adopted legal acts and due to the improvement of information systems the following activities have been implemented:

1. Since January 2017 due to the expansion of electronic services in the field of social protection, the application for appointing a lump-sum benefit for a child birth, a care benefit, a maternity benefit for non-working person, an elderly benefit, a disability benefit, a loss-of-breadwinner benefit and a labour pension may be filed with any territorial division of the social security service regardless of the beneficiary’s place of registration. (Previously the person had to submit the application to the territorial unit of his/her registration area).

2. Starting from December 2016, in case of birth of the 1-st and 2-nd child a child birth benefit can be submitted online if state registration of the birth of a child having Armenian citizenship has been done by the RA Civil Status Acts Registration Body.

3. If RA citizen with dual citizenship, or RA citizen who has a residence permit in a country participant of intergovernmental agreement signed between CIS countries, applying for granting a pension, changing the type of the pension, resuming the payment of the pension archival documents certifying the length of service, reference on the appointment (or not) of a pension in mentioned country is being received from the intergovernmental agreement countries by State Social Security Service request. The citizen is freed from the possible bureaucratic fuss, as well as regardless of the time of receipt of the answer the right to a pension is realized from the day of applying to the territorial unit.

4. Since March 2017 the responsibility for obtaining archival documents verifying the required length of service for granting a pension, changing the type of the pension, resuming the payment of the pension falls on the State Social Security Service. The citizen is not only freed from the responsibility to obtain the archival documents, and the right to a pension is realized from the day of applying to the territorial unit regardless the time of receipt of the document.

5. Works are underway with Civil Acts Registration bodies to develop and introduce a system of information exchange on birth certificates and deprivation (restoration) of parental rights, which will enable to obtain the necessary information on state pensions and benefits through the mentioned system. This, in turn, means that the number of documents to be submitted by citizens will reduce and the effectiveness of pensions or benefits assignment process will increase.
6. In parallel with the application of modern information technologies in the social protection field as well as development of information infrastructure of other public administration bodies, in the near future a possibility will be also created to apply, through online application, the right to a lump sum benefit for a birth of third and every subsequent child in the family as well as a childcare benefit for a child of up to two years old. This is a next step towards the expansion of the list of e-services offered to beneficiaries.

7. Work is being carried out to develop appropriate software to improve the procedures for registering employer information and calculate the length of service.

8. Activities are also being carried out on the creation of the inventory of the work experience, which will enable, during pension assignment process, to calculate the length of service on the basis of data of the scanned workbooks, at the same time making them available to the citizens.

9. Procedures of cash payments of pensions, benefits and other monetary payments will be significantly simplified in the near future. According to the changes and amendments made to the Law of the Republic of Armenia "On state registration of rights to property" HO-166-N dated on October 20, 2016, the terms of providing information and state registration of property rights have been revised. Particularly, in case of state registration of the rights to immovable property registered as a separate property unit arising from the transactions of the origin, changing and transfer of rights, as well as for the provision of the information on the property it is also envisaged to fulfill the requirement on the same day of submitting the application within two working hours.

Besides, the provision of information on the property or property rights is now free of charge for natural person and self-governance bodies of RA.

In 2016 the new system of queue management (mobile registration system) has been introduced in the system of the Committee within the framework of functions aimed to improving the quality of services provided by the Committee. The mobile registration system allows creating a virtual coupon by the downloaded app of mobile phone or tablet choosing the service office, service, date and the convenient service time, then to see the created coupon and receive the message as well as a reminder without visiting the committee's service offices.

The system also provides an opportunity to receive the optimal offer for the citizen's service time.

The new e-assessment system has been introduced in service offices in Yerevan, which enables citizens to evaluate the quality of services provided by the service offices, which will help to identify the possible gaps in the system. The implemented system also enables to monitor the compliance with the Code of Conduct for staff of service offices, and to improve the quality of staff behaviour.

In order to increase the transparency of Committee functions, simplify the administration and exclude the official-citizen contact, in 2016 the Tavush local subdivision of the Committee staff was joined the Yerevan local subdivision, and the Ararat local subdivision was joined the Marzes Unit subdivision, which has contributed to the elimination of corruption risks, significantly reducing the possibility of official-citizen contact and interacting over the official.

According to the protocol decision of the Board meeting adjacent to the Chairman of the Committee, time limitations (time constraints) have been set for the provision of final documents of unified information provided for the state registration of rights and transactions in order to make service more qualitative.

In the past, entering the application number to the official e-site of the Committee (ecadastre.am), only the information on the application process was provided to the citizens. Now, except for the provision of information on the application process, the citizen can also view, download, and print the final document (certificate, reference, suspension, rejection, etc.). From now on, on the applicants' request, they will get notification on the process of reviewing of their applications at the service office by short messages free of charge. Thus, the applicants should visit the service office to obtain the certificate only after its completion.

In case of submitting a relevant application, the owners or lenders will be notified by SMS and by e-mail about the applications on state registration or termination of the rights to the real
property and on the provision of unified reference, as well as the decisions made on the base of these applications.

10. The RA Governmental Draft Decision "On Establishing an Environmental Permission Agency in the Staff of the Ministry of Nature Protection of the Republic of Armenia, approving the statute and structure of the Agency and making amendments to a number of decisions of the government of the Republic of Armenia" was developed and submitted to the RA government for consideration.

According to the draft, a new Environmental Permission Agency will be created in the Ministry of Nature Protection of the Republic of Armenia. The purpose of the Agency is to promote the single licensing system and a "single-window" principle in the field, increase the effectiveness of the process of issuing environmental permits, which will result in the reduction of the corruption risks.

11. The following Draft Decisions of the Government of the Republic of Armenia are in the developing stage; "Amendments to the RA Mining Law", "Minor’s monitoring procedures and reporting system based on the environmental management plan and environmental activities program or the installation procedures in the minor’s website" and "Amendments to N437-N of RA government decision on 22 March 2012". The adoption of those will ensure the effective management of natural resources, increase public awareness and prevent corruption risks.

12. To increase the public awareness of environmental issues the "Nature" electronic weekly is being published since 2017, which is being distributed to non-governmental organizations, regional administrations, as well as international organizations and the media. Furthermore, a new official website of the RA Ministry of Nature Protection is under development.


According to the amendments, the registration process of water use permit is simplified. As a result, the water user is not filing an application for registration for the water use permit and the applicant does not need a water use license. After the permission, the authorized body should register the water use permit and conditions within 5 working days.

14. The services provided to physical and legal entities (the applicant) are mainly carried out electronically; the applicant submits application for the receipt of the service electronically and the response is also received electronically and by mail, because the latter is provided with an original response to the note and the permission (license).

In the web site of the Ministry of Nature Protection of the Republic of Armenia the "Licenses & Permissions" window displays the "Procedures for issuing licenses and permissions and the list of documents required for them", as well as provision "chart".

15. In the governmental program of the Republic of Armenia for 2017-2022 years it was suggested to include an action, by which until the end of 2018 all permits/licenses will be provided electronically: this will make the provided services be more accessible and clear, at the same time will help to avoid corruption risks, as it will completely eliminate contact with the entity.

16. Within the framework of the program approved by the Government Decision N1060-A of October 18, 2016, the website "School websites" was created in the environment of http://schoolsite.am/. On the website, the links of individual web pages of secondary educational institutions are posted by regions.

In the framework of the above-mentioned and №1222-N of January 12, 2017 RA Government Decision, the reports on the income and expenditure of 2016 and the approved estimate and staff list for 2017 of the educational institutions acting under the RA Ministry of Education and Science and RA regions will be posted on individual web sites of educational institutions and the reports of the educational institutions functioning under the Yerevan Municipality are available at www.yerevan.am web page.

17. An e-health system has been introduced in the Republic of Armenia. Particularly, on
January 26, 2017, the Government Decree № 95-N has been adopted on the basis of which a tender is announced and the winner organization ensures the system maintenance and operation of the System under the terms of a concession contract and is responsible for further improvement and upgrading of the system.

The decision also confirmed the System investment schedule in the licensed entities implementing medical care and services and pharmacy activities.

Thus, 1st phase: on January 1, 2017, a business database and a full data entry system have been introduced in the licensed entities implementing state-guaranteed free medical care and services in the Republic of Armenia.

2nd phase: In the RA operating licensed entities implementing medical care and services and pharmacy activities the launch of a software component of single electronic medical card of the persons receiving medical services is planned till October 1, 2017.

OGP national platform

1. To ensure the performance of the activities provided for Part 1, Point 1 of the “Open Government Partnership Third Action Plan” that is, the provision of transparency and accountability of business trips by officials of the republican executive bodies and territorial administration bodies, the draft Decision of the Prime Minister of the Republic of Armenia “On Making Addenda to the Decision of the Prime Minister of the Republic of Armenia No. 1087-N of November 26, 2013 (hereinafter referred to as the draft) was developed by the RA Ministry of Justice and submitted to the RA Government.

The draft establishes procedures for obtaining a permit from the Prime Minister of the Republic of Armenia for business trips of the heads of republican executive bodies or territorial administration bodies, their deputies or other officials, and submitting reports on the results of the business trips to the Government Staff of the Republic of Armenia.

The goal of the project is to ensure the effectiveness and accountability of the state funding business trips of the heads of the republican executive bodies or territorial governance bodies, their deputies or other officials and the transparent work of the Government of the Republic of Armenia.


The adoption of the drafts is aimed at ensuring the transparency and accountability of the use of grants from the state budget of the Republic of Armenia, reduction of corruption risks, as well as ensuring the regular process of submission of reports by organizations implementing grant programs and publication of that reports by the authorized body.

3. To ensure the performance of the activities provided for Part 2, Point 6 of the “Open Government Partnership Third Action Plan” the draft laws of the Republic of Armenia "On Making Amendments and Addenda to the RA Law "On Licensing", "On Making Amendments and Addenda to the RA Law "On Notification of Activity Implementation", "On Making Amendments to the RA Law on State Duty" (hereinafter referred to as Drafts) developed by the RA Ministry of Justice and are submitted to the RA Government.

The goal of the project is to digitize the registers for the registration of the licenses and the types of activities subject to notification and to create a single electronic register.
As a result, in the context of technological interoperability, all the state bodies will be able to provide the same services in electronic form, applying identical criteria and creating a single database of issued licenses.

**Inspection reforms**

During the reporting period 684 regulatory impact assessment conclusions in the spheres of economy, including SME, as well as competition, were given by the Ministry of Economic Development and Investments.

Three inspection bodies have been set up in accordance with the RA Law on Inspection Bodies. Those are: Market Surveillance Inspection Body, Health Inspection Body and Environmental Protection and Mining Inspection Body.

Management boards of all three inspection bodies have been created. Among the representatives of state organizations the Board includes also two representatives of non-governmental (NGOs for consumer and business entity rights protection) organizations and two representatives of relevant scientific organizations. Creation of inspection bodies is envisaged to be completed within the timeframe defined by the RA Law on Inspection Agencies, which is 9 January 2018.

Within the framework of the Inspection Reforms by the RA Government a risk-based inspection system has been introduced in urban development as a result of which the resources of the Urban Development State Inspectorate are properly used, controlling high risk facilities and reducing the number of inspections at low risk facilities. Reducing corruption risks in the system creates a favourable, predictable, safe and environmentally friendly environment for businessmen and public.

**Complete tax and customs reforms**

The policy for simplifying and unifying tax legislation has been put in the basis of the RA Tax Code adopted in 2016. Simultaneously, this direction of the policy is continued to be prioritized in the context of tasks carried out during 2017. Particularly, currently sub-legislative acts for ensuring the application of the RA Tax Code are being drafted, which are the drafts for the RA Government decrees and the State Revenue Committee chairman, and to carry out these tasks, simplification and unification of corresponding regulations was adopted as primary principle.

Thus, the RA Prime Minister Decision N 35-A On confirming the list of actions ensuring the enforcement of the RA Tax Code was made, dated 19.01.2017, which determines the list of actions necessary for ensuring the enforcement of the RA Tax Code.

Within the frames of Eurasian Economic Union (hereinafter the Union) the Agreement On the Customs Code of the Eurasian Economic Union was drafted and ratified by Union’s member states which is to come into force since 1st of January, 2018. It will substitute for number of legal acts currently regulating customs legal relations within the Union (those are international treaties within the Union, agreements, legal acts of the Union’s bodies), in accordance with the 2nd and 3rd appendices of the same agreement. Simultaneously, participation is secured in the tasks of drafting legal acts of the Union’s bodies as well. It should be noted that in the process of drafting legal acts to be adopted by the Union’s bodies which can have influence on the conditions for entrepreneurial activity, within the Union mandatory evaluation of their regulatory influence is carried out in accordance with Eurasian Economic Committee Board Decision N 98 on the Eurasian Economic Committee’s Working Regulation, dated 23.12.2014.

On 30 of March, 2017, the RA Government has adopted the Decree on determining the order of processing customs declaration electronically and entering the automatic system of customs declaration for persons with no qualification of customs clearance specialist, which came into force on 17 of June, 2017 and regulates the relations of electronic customs declaration.

Extensive work has been carried out towards the implementation of the electronic management systems of the State Revenue Committee under the RA Government. Particularly, number of electronic systems have been launched in one window electronic platform of the RA foreign trade (‘declaration of customs value’, ‘receipt for customs entrance’, ‘products declaration’, ‘transit declaration’, etc).

Simultaneously, it should be noted that in the stage of drafting all the legal acts which are drafted
by the State Revenue Committee in the field of customs legislation, maintenance of customs relations transparency and prevention of possible corruption risks is taken into consideration.

It should also be noted that the actions stated in the aforementioned 17th recommendation are ongoing and the State Revenue Committee carries out extensive work towards what has been mentioned, within the RA Government Program as well.

With the aim to improve the analytical and risk disclosing processes exercised in the system of the State Revenue Committee, and to replace current inspection control performed over taxpayers’ activity with electronic control, the monitoring center of the State Revenue Committee has been launched, in result of which it is anticipated to reduce the contacts between tax officers and taxpayers and possible corruption risks, as well as exclude the necessity to carry out administrative actions towards taxpayers based on tax officer’s subjective justification.

Particularly, based on risk evaluation criteria approved in advance, the system exercises monitoring and analysis of the transactions carried out by cash register machines and calculation documents, in result of which the system takes out the lists of risky taxpayers and based on that electronic notifications are sent to these taxpayers mentioning the recorded risks. With results of the monitoring, from the list of the taxpayers who have been notified, risky taxpayers with no changes on the behavior are selected with the purpose of exercising corresponding control measures over them.

The State Revenue Committee has revised the risk criteria of the risk management and electronic automatic management system of selecting taxpayers to be audited, in result of which the system has been supplemented with new criteria describing taxpayers’ real risk, at the same time, not efficiently applied risk criteria have been removed. The revised indicators have been taken as basis for composing the list of audits for checking the accuracy of relations with state budget to be carried out from 1 of July, 2017 till 1 of July, 2018 in accordance with 6th point of 2.1 article of the RA Law on Organizing and Conducting Audits in the Republic of Armenia. Annual program of audits has already been published in the subsection ‘Audit plan to be carried out by the State Revenue Committee’ of the section ‘Tax information’ of the official web page of Tax Service.

At the same time, with the aim to regulate the issues concerning the implementation of complex tax audit system and to exercise the process in accordance with the RA Tax Code to come into force since 1 January, 2018 RA Decree N 570-N on determining the methodology for risk based complex tax audits and general description of risk criteria has been drafted and adopted, dated 25.05.2017.

Assessment of Progress 18th Plenary 2017: SIGNIFICANT PROGRESS

According to the newly adopted amendments to the Law on Legal Acts, only certain laws are subject to Regulatory Impact Assessment (RIA), the decision on which laws RIA should be conducted is made by the Government or the Prime Minister. According to an NGO report, the amendments improved RIA regulations. Accordingly, it is unclear why the Ministry of Justice is working on new amendments on this issue. As to the practice, Armenia reported that some of the laws in field of economics have passed through RIA. The World Bank is supporting the capacity building in this direction.

Armenia reported a number of new e-governance tools, both for internal management of processes by public bodies as well as those providing electronic services to citizens (e-probation, e-civil, e-petition, e-drafts, e-bankruptcy etc). These are welcome developments. However, from the provided information, it is unclear which initiatives have been finalized already and which ones are planned for the future. NGO report confirms that the e-government is a priority and the new initiatives are implemented on a continuous basis, the latest one cited is e-drafts, a tool for publication of draft laws and receiving comments from public. However, according to an alternative report, the studies are not undertaken to analyse citizen’s satisfaction and assess the results of the e-governance reforms.
In addition, Armenia provided (rather unsystematised) information about the e-governance reforms ongoing in various ministries, specifically in the following areas: medical and social protection services, including e-health, property registration, permits and licences, natural resources. The most of this lengthy information concerns the future plans and unfinished projects. For example, one of the goals is to have the licences and permits provided fully electronically by 2020.

Information provided on inspection reform suggests that several public agencies have created the inspection bodies in line with the law on inspections, the management boards of these bodies include NGOs. The process of creating inspection bodies is planned to be finalized by January 2018. Thus, the inspections reform is still ongoing. According to an NGO report, there is no study that would assess the results or impact of this reform so far.

In relation to the OGP, the Government reported drafting bylaws to ensure transparency of business trips of public officials and allocating grants, as well as better provision of licences services. No information was provided in reference to the recommendation itself, requiring making the OGP national platform operational and efficient for discussing policy initiatives and monitoring implementation of e-governance, transparency and accountability initiatives. According to an alternative report, the OGP platform still has not become a genuine platform for active engagement of non-governmental organizations.

Regarding the implementation of tax and customs reform, the new tax code will fully enter into force in January 2018. The Government reported about ongoing process of drafting secondary legislation for its implementation and ongoing tax reform in general, among other issues implementation of e-tools such as filing tax declaration online, new methodologies for risk identification and management of risk and risk-based tax audit. One alternative report however provides that these processes have not resulted in any impact on the corruption situation in the area of taxes, and that the international rankings (Global Corruption Barometer, Global Competitiveness Report etc.) show no improvement in this regard. Positive development highlighted by an alternative report is the possibility of submitting customs declarations electronically, which decreases the contacts with customs authorities and the subsequent corruption risks.

**Recommendation 18: Public financial control and audit**

- 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.
- 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.
- 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.
- 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.
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, 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. Piloting 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 2016: 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 development reported 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.

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**18th ACN Plenary Meeting, September 2017**

**Government report:**

**Control Chamber**
The Amendments made in the RA Constitution in 2015 served as the basis for creating an independent public sector auditing body in Armenia, particularly the RA Audit Chamber, which will operate according to the provisions of the Constitution and the Law on the Audit Chamber that will enter into force in 2018.

Within the framework of the above-mentioned reforms and according to the Memorandum of Understanding (MoU) signed between the German Corporation for International Cooperation (GIZ), RA Control Chamber (hereafter called the Chamber) and Delegation of the European Union in Armenia on collaboration and strengthening the independence, effectiveness and transparency of the External Control System in Armenia, the below-given activities were performed during the target period.

- In September 2016 the final version of the self-assessment report of the Chamber was developed in accordance with the Performance Measurement Framework (PMF), which was submitted for assurance to the INTOSAI Development Initiative Office (IDI). After the IDI approval the self-assessment report will be confirmed by the Board of the Chamber, under which a new Strategy Development Plan and its implementation Action Plan will be developed.

- In November 2016 thirty trained members involved in six audit teams formed by the Chamber carried out financial and compliance pilot audits in conformity with ISSAI in the following public sector bodies: RA Ministry of Justice, Ministry of Culture, Judicial Department, National Statistical Service, Civil Service Council and the Chamber of Control.

- In September 2016 a performance pilot audit of the Disability Support Program of the RA Ministry of Labor and Social Affairs was carried out by an audit team formed by the Chamber, which consisted of six members and invited experts (qualified auditors).

- From November to December 2016 twenty employees from two departments of the Chamber participated in a training course on Armenian Public Sector Accounting Standards (APSAS).

- In March 2017 Draft Strategy on Communications of the RA Audit Chamber was developed by the experts (qualified auditors) involved. The Strategy gives high importance to Chamber’s preventive role in anti-corruption activities in Armenia.

- In March 2017 six financial and compliance pilot audits were summarized by trained six audit teams. Two performance audits of the Disability Support Program implemented by the RA Ministry of Labor and Social Affairs were also concluded within the same period.

- In June 2017, with the support of experts (qualified auditors), other fifty employees of six departments of the Chamber were trained on applying International Standards of Supreme Audit Institutions (ISSAI) in financial and compliance audits.

- According to the Order N 6 of 15 June 2017 of the Chairman of the Chamber, six financial and compliance pilot audits with the support of invited experts (qualified auditors) are currently being carried out in conformity with ISSAI by the employees trained in 2017 in the following public sector bodies: Aragatsotn Regional Administration, Armenian Nuclear Regulatory Authority, National Committee of Radio and Television, Human Rights Defender’s Office, State Migration Office of Ministry of Territorial Administration and Development, Ministry of Diaspora.

- In June 2017 fifteen employees from two departments from the staff with the support of experts (qualified auditors) were trained on applying International Standards of Supreme Audit Institutions (ISSAI) in performance audits.

- According to the Order N 6 of 15 June 2017 of the Chairman of the Chamber, the above-mentioned employees by the support of an advisor are currently carrying out two performance pilot audits in conformity with ISSAI in the following topics: the Programs of the Ministry of Diaspora and the Ministry of Culture’s Literature Publication Program.
During the target period the Chamber also took part in the process of developing the Draft Law on the Audit Chamber presided by the Chairman of the Standing Committee on Financial-Credit and Budgetary Affairs of the RA Parliament. Representatives from the RA Ministry of Finance, the Ministry of Justice, the Central Bank and other related parties were also among the participants. According to the Decree of RA President N 170-A of 10 February 2016, the Draft Law on the Audit Chamber should be submitted to the discussion of the RA Parliament till 1 October 2017, under which the prevention of corruption by the Audit Chamber will be of strategic importance and due to which the following constructive changes will be made:

- the independence of the Chamber will be increased;
- the Annual Action Plan will be provided by the Chamber, not by the RA Parliament;
- the Chamber will be delegated to organize and manage its own staff, it will have an authority to design its own system of training and assessing the staff performance (it was previously carried out by the RA Civil Service Council supervised by the Chamber, which contradicted the principles of independence);
- control functions will be replaced by auditing functions that will be widely performed in accordance with ISSAI;
- it will foster the cooperation with public anti-corruption bodies (including investigation and prosecution);
- ISSAI sound Code of Ethics will be widely applied and Risk Assessment new methodology will be developed;
- a new Quality Management System, as well as new effective mechanisms for providing transparency and accountability in conformity with ISSAI will be designed in the Chamber.

In July 2017 the Chairman of the Chamber presented the Conclusion of the Chamber on the Annual State Budget Execution Report for the year 2016 in the RA Parliament. A few suggestions and issues were also put forward by the Chairman during the speech; particularly, financial flows (including loans and credit funds) of public sector organizations are not fully served and managed by the Treasury system, which prevents the controllability and transparency of public budgetary funds. Accordingly, transactions of budgetary funds in public sector need to be fully served by the treasury system, which will improve the transparency and accountability of cash flow system in the sector.

In July 2017 the Chairman of the Chamber presented the Chamber’s Annual Report for the year 2016 in the RA Parliament. According to the Annual Report, within the scope of detected violations protocoted in the Current Reports of 2016, three criminal cases are currently in a pre-trial stage.

**Effective financial control and internal audit system in public administration,**

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:

Particularly 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. In selected public sector organizations FMC system implementation will be piloted.
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 (together with legislative package on additions and amendments in the other laws of the Republic of Armenia
stemming from the mentioned Law, if it is required).

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

In the framework of the Twinning Project financed by the EU the following documents have been elaborated jointly with the EU Twinning Project experts to develop draft legislative acts on the RA public financial management and control sector:

1. Financial management and control (FMC) manual,
2. Internal control standards guideline,
3. Management accountability methodology document for developing further legislative act by the Central Harmonization Unit (CHU),
4. Risk management methodology draft in the context of financial management and control.

The GIZ has expressed readiness to support the Ministry of Finance of RA to undertake an analysis of the gaps existing in RA public sector internal control system, to revise the documents related to the FMC sector (also including the FMC law and the FMC draft concept note), as well as to carry out piloting activities at least in two RA public sector organizations, conditioned by which a competition has been conducted in June-July 2017 in order to obtain a short-term consultation.

**Sufficient human resources to conduct internal audit at the central and local level public administration bodies;**

New and more convenient software used to provide qualification examinations was developed in the framework of ensuring the function of internal auditors’ qualification. During the year 2016, 13 qualification exams have been organized. 185 from 224 applicants for the examination overcome the set threshold and got the qualifications of the public sector internal auditor.

At the same time during 2016, 16 courses on continuous professional training have been organized for the internal auditors who were qualified in 2015 and before that. 183 qualified auditors have participated in the mentioned courses. During 2016 56 auditors have lost the qualification of public sector internal auditor based on not passing the continuous professional training.

As of 01.01.2017 the number of persons with public sector internal auditor qualifications was 296, 248 of which were employees of public sector organizations.

In order to ensure that compliance audits of good quality are conducted an Order of the RA Minister of Finance was approved, envisaging that the annual plan approved in the beginning of the year cannot be changed more than 10%, and at least 90% of audit assignments foreseen by the current annual plan should be completed.

**Trainings**

As it was mentioned in recommendation 12 and 16, trainings were held by the Public administration academy of the Republic of Armenia, which include the following training also:

1) “Financial Management” Course: “Professional and Moral Ethics of Public Servants; Etiquette” - (4 hours), and “Corruption and Mechanisms to Combat It” (4 hours) - 149 civil servants.
2) “Public Relations in the Management System” Course: “Ethical and Legal Bases of PR” (2 hours) and “Ethics and Etiquette” (4 hours) - 25 civil servants.
3) “Personal and Managerial Skill Building” Course: “Professional and Moral Ethics of Public Servants; Etiquette” (4 hours), and “Corruption and Mechanisms to Combat It” (4 hours) – 114 civil servants.
4) “Effective Management Technologies” Course – “Professional and Moral Ethics of Public Servants; Etiquette” (4 hours) – 89 civil servants.

Assessment of Progress 18th Plenary 2017: PROGRESS

The information provided in relation to the first part of the recommendation does not address its elements, specifically, information has not been provided regarding the focus of the Chamber of Control reports on fraud and incidents of corruption, alerting the law enforcement about these incidents and using the experience of the Chamber of Control for the training of public servants and cooperation with internal audit units, except for the reference to three on-going criminal cases initiated based on the information of the Chamber of Control. However, it is not clear which offences are being investigated.

Against this background, the Government reported about the self-assessment conducted by the Chamber, 6 pilot financial and compliance audits, 2 performance audits, and several training courses. The draft strategy includes the focus on prevention of corruption, so does the draft law however, since they are only drafts at this stage they cannot be regarded as progress in the framework of the progress update procedure.

Concerning the second part of the recommendation, financial control and internal audit, Armenia reported about the new strategy which includes measures for increasing their efficiency. Additional information concerns various methodologies, manuals and guidelines elaborated in the framework of the twinning project. In addition, several measures have been reported to improve the certification process of internal auditors and training courses for civil servants, no references were made to the training of financial management staff at the central or local level and the heads of administrative bodies, however. Thus, only limit progress can be noted in relation to this recommendation.

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.

### 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 2016: 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.
Complete the revision and enhancement of the e-procurement system

The scope of customers using the e-procurement system and the volume of purchases by e-procurement system has been expanded. In particular, since April 2017 the following procedures have become electronic:
- The procurement procedures from single source person conditioned by a basis of competition and urgency for the commercial organizations with more than 50% state participation, as well as for the needs of the foundations established by the state and urban communities;
- The pricing inquiries and the competition not exceeding the national threshold implemented by the Project Implementation Units (PIUs) at the expense of the World Bank funded projects.

Aiming to increase the level of transparency and publicity of the procurement procedures:
A software change has been made in ARMEPS e-procurement system, and as a result starting from January 1, 2017, after opening the bid the submitted bids of the participants automatically become available in the web. As a result the level of transparency and publicity of the procurement procedures, therefore also the level of the civil society oversight have increased, which will limit the possible subjective decisions of the Evaluation commission during the assessment of the bids, also including the decision about awarding a winner those participants who have submitted bids and don’t meet the invitation requirements.

A change has been made in ARMEPS e-procurement system, and as a result beginning from 01.04.2017 it is possible to carry the process of delivery and reception of the results of the contracts concluded in the framework of the new procurement processes through the e-procurement system.

Ensure the timely publication of all relevant procurement notifications

The relevant information on procurement procedures provided by the RA legislation on procurement processes is published on the www.procurement.am website.

At the same time the RA law «On procurement» № HO-21-N adopted by the RA National Assembly on December 16, 2016 (entered into force on April 25, 2017) envisages the publishing of all statements on the competitive purchases, including the prequalification statements also in English and Russian on the mentioned website.

According the law the following has also become mandatory: the publication of the Evaluation commission assessment session protocol, the publication of the statements on signing a contract by a customer and a signed contract, regardless of the price of the purchase items and the form of the procurement, the publication of statements on absence of conflict of interest signed by the member of the Procurement appeal board, the members of the Evaluation commission and the secretary on the www.procurement.am website.

Additional safeguards

The procedures of awarding the procurement coordinators qualification and their continuous professional training have been approved by the RA Government Decree N 759-N dated 29.06.2017, which has defined the conditions for compilation of the questionnaires necessary for the examinations and exams, the conditions of trainings for the qualified specialists’ professional capacities development and of disqualification, as well as the conditions that the individuals wishing to get a qualification must meet. At the same time, the mentioned Decree envisages that the qualified coordinators must pass at least 12 hours duration training courses in every third year after the year of getting the qualification, and if they don’t participate in at least 80 percent of the total course duration, then they are considered disqualified and lose the opportunity to get a new qualification for one year.

Conduction of trainings was implemented for over 500 procurement specialists on the new legislation on procurement, e-procurement system, as well as on planning, contract management and reporting modules.

The Procurement support center has implemented a selective expertise of the procurement procedures declared by the customers in terms of ensuring the characteristics of the purchase items approved by the customers and the qualification requirements for the participants.
envisaged by the RA law “On procurement” to ensure a competition and observing the requirements of exclusion of discrimination, and the results (positive or negative conclusions) were being published on the www.procurement.am website. Clarifications about mismatching recorded with negative conclusion that were being submitted to the Procurement support center by the customers and the center’s conclusion about admitting or not admitting those clarifications have been also published on the mentioned website.

Within the framework of the enforcement of the law, which entered into the force since April 25, 2017, measures are being taken to elaborate a new procedure for the selective assessment of the procurement procedures declared by the customers.

In order to increase the level of transparency and publicity of the procurement procedures, to prevent possible corruption cases, and also to increase the level of the civil society oversight over those processes, the following have been introduced in accordance with the Law:

- a system excluding simultaneous participation of affiliated persons in the procurement processes;
- a system excluding the participation of individuals affiliated with the officials in the procurement processes, envisaging that the participant will submit a bid with data on the real proprietors, and if the participant is awarded as a winner the information will be published on the procurement’s official website.
- the requirement of mandatory publishing of the individuals’ participation having up to second degree blood relationship with the officials and involved in the procurement processes, as well as publishing of the statements on the absence of conflict of interests.

**formal and mandatory declarations of conflicts of interest for all members of the PSC, the Procurement Complaint Review Board**

As it was mentioned publication of statements on absence of conflict of interest signed by the member of the Procurement appeal board is mandatory now.

At the same time, the amendments made to the Law on Public Service widened the scope of declarant official, thus enshrining the requirement of property and asset declaration on members of the Procurement Appeals Board.

The law states that declarant official shall, by 15 September 2017 submit to the Commission on Ethics of High-Ranking Officials a declaration on property, income and affiliated persons, existing as of the day of entry into force of the Law. Thus, the Procurement Appeals Board also shall submit their declarations by 15 of September, 2017.

The Law on Public Service regulates the relations concerning publication of declarations. The administrative and criminal sanctions mentioned above shall be applicable to the Procurement Appeals Board in case of non-compliance with the declaration rules.

According to the law amendments the concept of “affiliated person” has been amended and simultaneous participation of the companies which is coordinated with the common economic interests has been prohibited for the same procurement process.

**Reinforce competition in quasi-monopoly/oligopoly sectors;**

In accordance with the RA Government Decrees N 105-N dated 30/01/2015 and N 526-N dated 04.05.2017 the procurement of goods, works and services from the state or community established organizations and communication services were removed from the list of goods, works and services purchased from single source person based on the availability of special or exclusive right. As a result those goods, works and services are purchased through competitive procedures.

**Reduce the use of single source procurement**

Measures have been taken to reduce the volumes of purchases from single source conditioned by the basis of urgency and as a result the volumes of purchases from single source for the state's
Assessment of Progress 18th Plenary 2017: PROGRESS

The new law on procurement entered into force in April, 2017 introducing new requirements for publication of procurement information and providing for increased transparency. The Government reported about expanding the e-procurement system to cover single sources procurement based on urgency. TI Armenia further explained that the following have been included in the system: single source (based on urgency) procurement procedures conducted by commercial organizations with state-owned shares exceeding 50% and foundations established by state bodies and urban municipalities, as well as tenders conducted by the World Bank in Armenia (only procurements conducted through the price-listing procedure and procurements not exceeding the defined by the law threshold equal to 1 mln. AMD). In addition, as a result of the change in the software, submitted bids are automatically published on the website, according to the Government report. Furthermore, the new continuous training programme has been approved and its implementation started in practice.

According to TI Armenia, the major novelties of the law are:

- More transparent and the accountable procurement procedures for the officials, involved in the procurement processes,
- Better regulation of conflict of interest situations and wider scope of procurement officials, obliged to submit statements on the absence of conflict of interests,
- Simplification of the types of procurement procedures – instead of 7 procedures defined by the previous law, now there will be only 4 procedures,
- Introduction of the institute of beneficiary ownership and register of beneficiary owners and restrictions imposed on the latter (unfortunately this institute is not extended to other areas, for example, tax and customs, which decreases the impact from its introduction)
- Introduction of e-auction tool.

Armenian Young Lawyer’s Association further underlined the important requirement of making beneficial ownership of information public as a precondition for awarding a public contract to a company. All these changes of regulations will be studied during the monitoring procedure.

With regard to publication of procurement data, despite the new upgraded transparency requirements of the law, an alternative report points to serious shortcomings of the website, in particular “only very few announcements on competitive procurement processes are posted in English or Russian. The declarations on the absence of conflict of interests of the defined by law procurement officials are still missing on the procurement official web-site (www.procurement.am ). The information still remains dispersed and it is rather difficult to use them. The files on contracts cannot be downloaded. Many single source procurement contracts that could be found on the relevant page of the www.e-gov.am web-site are absent in the ARMEPS system or www.procurement.am web-sites.”

84 Alternative report by TIAC.
In addition, the Government reported that the share of single source procurement decreased in 2016 to 7.2% compared to 18.6% in 2015, 2017 data has not been provided.

**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).

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**Government report**

**FOI Law; secondary legislation**

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.

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.

**Publication**

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.

**Supervision and oversight**
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 2016: 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 heled 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.
**Government report:**

**FOI Law; secondary legislation**

Based on the 17th point of the appendix of Government decree N 245-A (March 10 2016) on “Establishing the list of the laws which need to be adopted, amended or supplemented according to the constitutional amendments that directly require legislative regulations” as well as based on the alanyze of FOI law and international practice, the Ministry of Justice has developed the draft law on “Freedom of information”. The draft was posted on e-draft electronic platform for public discussion 2 times in order to ensure public participation in law development process.

Moreover, a number of public discussions were organized for discussing the draft Law of the Republic of Armenia "On freedom of information". During the discussion it was mentioned that the ground for the development of the draft was the demand of civil society and the problems of the existing law.

Taking into consideration the fact that the NGOs had some concern regarding institutional framework of freedom of information system, the date of adoption of the law was postponed and the deadline for representing the draft law to the Government of RA was set on 2 October, 2017.

Regarding to secondary legislative it should be highlighted that the acts that were adopted earlier, are being applied and effectively performed.

**Publication**

The draft law among other issues regulates relations connected with electronic requests, the requirements of the answer to the electronic requests, proactive publication of information, registry of information, fees, officials who are responsible for the provision of freedom of information and competent body for freedom of information. Besides, in the draft law was included a mechanism which enables a few communities to publish unified information in a website.

Moreover, the Ministry of Justice in cooperation with UNDP office in Armenia has introduced a platform for electronic enquiries. A competition was announced and the winners have been already selected. Currently the platform is being tested and will be introduced till the end of this year.

**Supervision and oversight.**

In order to ensure effective supervision over the provisions of access to information the issue of reorganizing the Personal Data Protection Agency of the Ministry of Justice and authorizing it to implement permanent supervision as a competent body is being considered. Besides, as a competent body, it will have the competency to initiate administrative proceedings in case of revealing violations and apply administrative sanctions.

Another option is to strengthen the Human Rights Defender’s capacities in this field and to provide him this duties.

**Awareness raising of public officials**

On April 18, May 20-21 and May 25, 2017 the draft law was on Freedom of information was

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85 https://www.e-draft.am/projects/151
discussed among the representatives of civil society, public officials and other interested parties. Moreover, the public officials periodically participate in training sessions which are being organized for officials responsible for freedom of information protection.

In the scope of a training program for anti-corruption focal points of the state bodies the freedom of information legislation and relevant newly introduced tools will be a separate big unit.

**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, as well as for raising transparency and accountability of business trips by officials of the republican executive bodies and territorial administration bodies, the draft Decision of the Prime Minister of the Republic of Armenia “On Making Addenda to the Decision of the Prime Minister of the Republic of Armenia No.1087-N of November 26, 2013 (hereinafter referred to as the draft) was developed by the RA Ministry of Justice and submitted to the RA Government. The draft establishes procedures for obtaining a permit from the Prime Minister of the Republic of Armenia for business trips of the heads of republican executive bodies or territorial administration bodies, their deputies or other officials, and submitting reports on the results of the business trips to the Government Staff of the Republic of Armenia. The goal of the project is to ensure the effectiveness and accountability of the state funding business trips of the heads of republican executive bodies or territorial governance bodies, their deputies or other officials and the transparent work of the Government of the Republic of Armenia. Moreover the draft law on Freedom of Information states provisions related to ensuring transparency of the entities using public resources.

Armenia became a candidate to the Extractive Industries Transparency Initiative/EITI.

88 The EITI in Armenia creates a platform for the government, companies and civil society to hold a dialogue on financial accountability in the extractive industries.

**Assessment of Progress 18th Plenary 2017: LACK OF PROGRESS**

The last Plenary of September 2016 assessed Armenia’s progress in implementation of the Recommendation 20 as significant. However, no important developments have been reported since then, except for that in relation to the first part of the recommendation. The Ministry of Justice drafted the new Law on Freedom of Information (FOI) and held public discussions on the draft. However, an alternative report indicates, that NGOs have not been involved in the development of the draft and that it contains regressive provisions. An alternative report expresses deep concerns regarding the draft and urges the Government to develop its new version in consultation with civil society.

**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.

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**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 2016: PROGRESS**

Armenia reported the entry into force of the new Electoral Code (in June, 2016) as a subsequent 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

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89 [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)
be accountable to electoral commissions", does not clarify the institutional status of the OAS.

Additionally, the Government informed about the work on the October 2016. changes in the Law on Political Parties, derived from the new Constitution, which should be presented to the Parliament.

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.

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18th ACN Plenary Meeting, September 2017

**Government report:**

**Disclosure of financial data of political parties**

After the conduct of the Referendum on Amendments to the Constitution of the Republic of Armenia in 2015, the RA legal framework was required to comply with the amendments to the RA Constitution. Among other laws it was envisaged to adopt constitutional laws on new Electoral Code, as well as on political parties. The new Electoral Code of the Republic of Armenia was adopted by the National Assembly on May 25, 2016 and entered into force on June 1, 2016. The RA constitutional law on political parties was adopted on December 16, 2016 and entered into force on April 1, 2017.

For transparent and effective supervision of political parties financing and election campaign funding, back in 2011, a united body, the Audit and Oversight Service of the Central Electoral Commission was established to supervise the financial activities of political parties and the funding of election campaign. It is fixed by the Electoral Code of 2016 that the Audit and Oversight Service shall act independently from electoral commissions and shall not be accountable to them, as well as the term of office of the Head of the Oversight and Audit Service is set.

The powers of the Audit and Oversight Service are fixed by the Electoral Code (Article 29), in particular, the Audit and Oversight Service shall be as follows:

- receive from banks — where temporary special accounts are opened for the formation of campaign funds — relevant information, statements, carbon copies of documents on financial inflows and outflows of campaign funds of candidates, political parties running in elections;
- receive from banks, political parties and other organisations providing goods, services or carrying out works relevant information, statements, carbon copies of documents on membership fees paid to the political party, donations to the political party, budget financing, proceeds from civil transactions as well as other proceeds and expenditures not prohibited by the legislation.

According to the law of the Republic of Armenia on political parties of 2016 property of a political party shall be generated from: (1) lump sum payments made for joining the political party, membership fees made regularly in the amount prescribed; (2) donations provided by the Law; (3) budget financing as provided by the Law; (4) income generated from activities prescribed by the Law.

Political parties shall have the right to receive donations — in the form of property, including monetary means, loans, borrowings, repayment of political party debt by the third persons — from natural and legal persons, except for:

1. charitable or religious organisations, as well as organisations with participation thereof;
2. state and community budgets and/or extra-budgetary funds;
3. state and community non-commercial organisations, and commercial organisations with state and community participation;
4. foreign states, foreign nationals and legal persons, as well as legal persons with foreign
participation, where the stocks, unit, share of the foreign participant in the authorised (share, unit) capital of that legal person is more than 30 percent;
(5) international organisations;
(6) stateless persons;
(7) anonymous persons.

According to the existing regulations every year, no later than March 25 following the reporting year, the political party shall be obliged to publish through mass media a statement on the sources of funds and the expenditures, as well as on the property of the political party during the reporting year and, in cases provided for by law, an audit opinion thereon, as well as to post it on the official web-site of public notifications of the Republic of Armenia, as prescribed (http://www.azdarar.am).

After publishing its statement through mass media and posting it on the web-site azdarar.am, the political party shall be obliged to submit the statement and the evidence confirming the fact of its publication to the Oversight and Audit Service of the Central Electoral Commission no later than April 1 following the reporting year.

The statement of a political party during the reporting year must contain data on the sources and amount of funds deposited on the account of the political party, the spending of such funds, as well as the property in possession, with an indication of its value.

The source of a donation received by a political party, irrespective of its value, shall be indicated in the statement of the political party.

Accounting of expenses made by a political party for the preparation and conduct of an election campaign shall be maintained separately.

It should be noted that the procedure for the publication and submission of the statement shall already be established by the Government of the Republic of Armenia.

**Ensure substantial and independent monitoring of election campaign funding**

According to the new fixed regulations the Audit and Oversight Service shall—after receiving the declarations on the use of means available in campaign funds of candidates, political parties running in elections—carry out inspection, draw up a conclusion on inspection results and submit it to the Central Electoral Commission. The Central Electoral Commission shall be obliged to immediately publish it on the website of the Central Electoral Commission.

In case violations are recorded in the conclusion, the Central Electoral Commission shall be obliged to examine them and institute administrative proceedings, where the results of the instituted proceedings confirm the information specified in the conclusion of the Oversight and Audit Service, it shall impose sanctions provided by the legislation on the candidate, political party running in elections.

It is also envisaged additional one institution of public oversight by the Electoral Code; appointment of auditors by the political parties having a faction in the National Assembly for carrying out oversight of the contributions made to campaign funds, their calculation and expenditures, and their opinions or conclusions for political parties participating in the election campaign are additional information source and are addressed raising the level of the public trust. It should be noted that starting from 2016 the auditors appointed by the factions are remunerated from the state budget for 2 months in the amount of 3-fold of the nominal amount of the minimum monthly salary prescribed by the legislation of the Republic of Armenia for each month.

Regarding the staff and material resources of the Oversight and Audit Service, we consider it necessary to mention that during the regular elections up to 5 specialists can be included in the Oversight and Audit Service on a contractual basis for up to one month, and in the case of available resources, the Oversight and Audit Service has fully implemented the powers vested in it by the law. The mentioned circumstances have never impacted on the effectiveness of the service activities.

**Clear conflict of interest prevention and ethical behaviour rules for elected and other political**
As previously indicated, an anti-corruption institutional legislative package was adopted by RA Parliament on 09.06.2017. The Package included RA Law on making amendments and supplements to RA Law on Public Service. The Law states that high-ranking official and/or persons within the composition of his or her family shall fill interest declarations. In particular, the law states:

1. “The section of the declaration “Participation in commercial organisations” shall contain the name of the organisation where the high-ranking official and/or persons within the composition of his or her family are the founders or participants of at least 10 per cent, the address of the organisation.

2. The section of the declaration “Representation in the management, administrative or supervisory bodies of commercial organisations” shall contain the name and the address of the organisation, in the management, administrative or supervisory bodies whereof the high-ranking official is represented, as well as the status of the given person in that organisation.

3. The section of the declaration “Transferring the share to trust management in a commercial organisation with the participation of a high-ranking official” shall contain the name and the address of the organisation wherein the share of the high-ranking official is transferred to trust management, or the name, last name, father’s name, passport data of the trust manager, as well as the day, month, year of concluding the contract on trust management and the duration of the contract.

4. The section of the declaration “Membership in non-commercial organisations and representation in their management, administrative or supervisory bodies” shall contain the name of the non-commercial organisation of which the high-ranking official is a member or in the management, administrative or supervisory bodies whereof he or she is represented, the address of that organisation, the status of the given person in that organisation.

5. The section of the declaration “Membership in political parties and representation in their management, administrative or supervisory bodies” shall contain the name of the political party of which the high-ranking official is a member or in the management, administrative or supervisory bodies whereof he or she is represented, the status of the person in the political party.

6. The section of the declaration “Contracts concluded with the Republic of Armenia or communities by a high-ranking official and the persons within the composition of his or her family, as well as by the organisations with their participation” shall indicate the contracts the price (value) whereof exceeds AMD 5,000,000 (five million) or foreign currency equivalent thereto, the type of the contract and the parties thereto, their addresses, data on the process of concluding the contract, the day, month, year of concluding the contract, the duration of the contract, as well as its price (value).”.

**Legislation on asset declarations, conflict of interests, and incompatibilities**

As it was mentioned above, the new legislation came to improve declaration system through broadening the list of declarant officials, establishing sanctioning mechanisms for non-compliant officials, etc. In particular, the new law gives the Ethics commission an opportunity to analyze and validate the declarations and impose sanctions. To be more precise, Art. 43.1 of the Law on Public service states:

“The Commission on Ethics of High-Ranking Officials shall carry out the following activities:

1. check the compliance with the requirements for filling in and submitting a declaration;
check the reliability and integrity of the declared data.

2. The methodology of and procedure for the analysis of the declarations shall be defined by the Commission on Ethics of High-Ranking Officials.

3. In the process of analysis of the declarations, the Commission on Ethics of High-Ranking Officials shall be entitled to require information, documents on the declarant official, persons within the composition of his or her family from state and local self-government bodies, the Central Depository and persons entitled to maintain the register of the security holders (nominal holders), credit bureaus (including through electronic inquiries) and receive them, except for cases provided for by the Law of the Republic “On bank secrecy”.

Information and documents shall be provided to the Commission on Ethics of High-Ranking Officials free of charge, as soon as possible, but no later than within 10 days after receiving the inquiry, where no other time limit is indicated in the inquiry, or where the addressee of the inquiry does not recommend any other reasonable time limit for fulfilling the request, which may not exceed 30 days. The Central Depository and other persons entitled to maintain the register of the security holders (nominal holders), as well as credit bureaus shall provide the information and the documents free of charge where the number of inquiries made by the Commission on Ethics of High-Ranking Officials is equal to the number of the declarations submitted by the declarant official and a person within the composition of his or her family.

4. In the process of analysis of the declarations, interoperability of the database of the Commission on Ethics of High-Ranking Officials with the databases of state and local self-government bodies, organisations referred to in part 3 of this Article that have been developed as prescribed by the legislation of the Republic of Armenia, and the online availability of the data subject to declaration to the Commission shall be ensured.

5. Where, as a result of the analysis of declarations there are sufficient grounds to conclude that the declaration has not been submitted within the time limit prescribed by law or has been submitted in violation of the relevant requirements and the procedure, or the declared data is incorrect or incomplete, the Commission on Ethics of High-Ranking Officials shall institute proceedings on the examination of the case on administrative offence.”

At the same time, in the scope of legislative changes, the RA Code on Administrative offences introduced sanctions for Failure to submit declarations to the Commission on Ethics of High-Ranking Officials within the prescribed time limits, or submission thereof in violation of the requirements set for filling in declarations or the procedure for the submission of the declarations, or submission of incorrect or incomplete data in the declarations negligently. Additionally, two corpus delicti were introduced in Criminal Code - Intentional failure to submit declarations to the Commission on Ethics of High-Ranking Officials and Submitting false data in declarations or concealing the data subject to declaration.

Assessment of Progress 18th Plenary 2017: PROGRESS

Following the previous progress update in September 2016, the new law on political parties entered into force. Political parties are obliged to disclose their financial data annually. However, information is not provided regarding the scope of disclosed information and whether this includes bank loans and contracts with the third parties as required by the recommendation. The monitoring of party financing is performed by an independent oversight body (Oversight and Audit Service) established as a part of the reform of the party funding legislation, including the constitution.

Regarding the last two elements of the recommendation, conflict of interest regulation and powers of the Commission for High-Ranking Officials have been amended to ensure monitoring and verification of asset declarations. However, no information has been provided on the application of these rules in practice.
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.

**17th 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 2016: PROGRESS**

This recommendation requires comprehensive reform of the judiciary to address 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 procedure, 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. Please note that the Venice Commission recommended also including the powers to propose and defend it in front of the Parliament.90 The further specific regulations are to be provided in the Judicial Code which is still under the development. Although the Council has

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

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**18th ACN Plenary Meeting, September 2017**

*Government report:*

*Continue Constitutional reform and ensure its proper implementation providing better separation of powers and independence of the judiciary*

The RA Ministry of Justice has drafted the "Judicial Code" constitutional law, which has been submitted to the RA Government Staff within the defined period. The draft was submitted to the National Assembly on March 27, 2017. Afterwards, the Code was sent to the Venice Commission, and currently is being improved based on the Commission’s recommendations by a working group chaired by the Minister of Justice. As it was stated in previous report, the process of nomination and election of judges has been amended in the frame of the Constitutional changes. Accordingly, the status of judges, the requirements for judges, the procedure for the selection and appointment of judges, the status of the Cassation Court of the Republic of Armenia have been regulated by the new Code.

*Financing of Judiciary*

Issues related to the courts' financing, distribution of cases in the courts and the status of judges has been settled.

*Equal participation of judges in self-governing bodies*

The Council of Court Chairmen has been abolished. All judges now have equal right to participate in the General Council of judges – where all judges are represented. At the same time the draft Judicial Code concretely clarified and eased judges’ participation in various Commissions. The regular general meeting of the judges of the Republic of Armenia shall be convened at least once a year by the Chairman of the Court of Cassation. An extraordinary general meeting of judges of the Republic of Armenia may be convened by at least 1/3 of the judges or by the President of the Court of Cassation. In order to ensure public awareness, the judicial authority has an official web site where the information provided in the law is publicly accessible.

*Automated case assignment among judges*
The draft Judicial Code improved the regulations concerning the automated case assignment system. In particular, the draft envisages accidental selection of judges based on their specialization. At the same time, it limits the involvement of Court chairs in the case appointment process. The draft Code also regulates the control mechanisms over the autonomous case assignment system.

**Independence of the judiciary includes the independence from interference by other judges**

The draft Judicial Code includes codes of conduct for judges. According to the codes, any interference to another judges’ professional activity is prohibited and shall be a basis for initiation of disciplinary proceedings.

**Establishing clear and precise criteria in compliance with international standards and best practice**

The draft Judicial Code has a number of new regulations concerning disciplinary proceedings. In particular, the grounds for disciplinary proceedings have been changed. If previously the basis for discriminatory proceedings was obvious and rough violation of judicial norm, now the grounds have been clarified and made more precise. Initiation of disciplinary proceedings is now linked with violations of codes of conduct committed intentionally or with rough negligence. The timing and processing of the disciplinary sanctions have been regulated. The chair of Court of Cassation was excluded from the list of bodies having a right to initiate disciplinary proceedings. The right to institute disciplinary proceedings against a judge is reserved only to the Minister of Justice of the Republic of Armenia, to the Ethics and Disciplinary Committee of the General Assembly of Judges.

The types of disciplinary sanctions have also been amended. The deductions from salary are not going to be disciplinary sanctions any more. At the same time, the process of dismissal of judge as a result of disciplinary proceeding has also been amended. In particular, if the commission finds that the judge shall be dismissed, then a special dismissal proceeding shall be initiated.

**Disciplinary proceedings comply with fair trial guarantees**

While examining a disciplinary case, the Supreme Judicial Council shall act as a court and ensure fair trial right of the judge. The new regulations under draft Code provide all necessary guarantees for the fair trial process, including the right of being heard.

**Assessment of Progress 18th Plenary 2017: PROGRESS**

The judiciary reform package of laws has been submitted to the Parliament during the reporting period. In addition, the package was sent to the Venice Commissions for its opinion. Provided information explains how various changes will address the recommendation 22, including, disciplinary proceedings and grounds, financial independence of judiciary etc. Additionally, the Government reported about the increased opportunities for judges to participate in self-governing bodies, which was achieved by abolishing the Council of the Court Chairman. These laws need to be examined in detail 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.
### 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. 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 Hoktanyan 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. Theoretical ways and practical examples of the strategic role of private sector’s participation in the fight against corruption were presented.

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 organisations 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.

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

### Assessment of Progress - 17th Plenary 2016: 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 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.

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.

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92 [http://urbattert.am/%D5%BE%D5%AB%D5%BE%D5%A1%D5%BD%D5%A5%D5%AC%D5%B4%D5%BF%D5%BD-%D5%AB-%D5%B0%D5%A1%D5%BD%D5%A3%D5%BB%D6%80%D5%A8%D6%82%D5%84-%D5%9A%D6%80%D5%A1%D5%BD%D5%8D/](http://urbattert.am/%D5%BE%D5%AB%D5%BE%D5%A1%D5%BD%D5%A5%D5%AC%D5%B4%D5%BF%D5%BD-%D5%AB-%D5%B0%D5%A1%D5%BD%D5%A3%D5%BB%D6%80%D5%A8%D6%82%D5%84-%D5%9A%D6%80%D5%A1%D5%BD%D5%8D/)

**Government report:**

**Corruption risks in the private sector**

As it was mentioned before a number of joint assessments with non-governmental organizations were conducted, relevant reports were developed. Armenian Lawyers Association NGO has analyzed the corruption risks in business sector. Based on the risk assessment, the NGO developed report on Systemic anti-corruption reforms recommended for the business sector and presented it during the Anti-corruption Council’s sitting on 21 January, 2017. Correspondingly, the Prime Minister gave orders to relevant state bodies. The findings of the report on Corruption risks in the business sector were used while developing the draft Law on Business Ombudsman.

**Business integrity measures**

The Government Program for 2017-2022, approved on 19.06.2017 by Decision N646-A, includes special point stating that the RA Government, for the purpose of protection of entrepreneurial atmosphere and business interests, shall:

- develop a Law on Business Ombudsman and submit it to RA National Assembly by the end of 2017 and
- implement the institute of business interests defender (Business Ombudsman) as a mechanism for alternative dispute resolution and business rights’ protection.

To induce integrity of business sector the Ministry of Justice continued cooperation with VivaCell MTS telecommunication company and a memorandum of understanding on improvement of whistle blowing system and implementation of anti-corruption strategy measures was signed between those organizations. The Minister of Justice gave master class for the representatives of VivaCell MTS presenting the latest anti-corruption achievements and highlighting the importance of integrity and transparency of business sector.

In July 2017, the state revenue committee initiated a revised version of its website - petekamutner.am, where business sector representatives can receive all information the need, as well as can apply to receive electronic services.

“Evidence-based Advocacy for Reform” Project (hereinafter referred to as Project) is implemented by the Union of Information Technology Enterprises (leading member of the Project consortium) together with the “Armenian Lawyers’ Association” non-governmental organization and the European Business Association. The project is designed to ensure participation of the private sector in the process of developing policies implemented in the Small and Medium Entrepreneurship sphere by the Government, increasing the impact on these policies. The Project team has created this business sector whistle-blowing website, which will enable business representatives to inform about corruption risks and other problems encountered in business, while ensuring their safety.

**Business representatives in anti-corruption bodies**

On 29.12.2016 RA Government adopted Decision N1383-N which was aimed at amending the structure of the Anti-Corruption Council and broadening participation opportunities of NGOs. The Decision N1383-N provided four seats for other civil society representatives, two of which shall be business sector NGOs.

The State Commission for the Protection of Economic Competition of RA (hereinafter referred to as SCPEC RA) conducts several activities to promote competitive environment by means of non-enforcement mechanisms through its relationship with public authorities, business and consumer organizations by increasing public awareness of the benefits of the competition and

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transparency. Namely, during the reporting period the SCPEC RA organized a round-table discussion with the members of American Commerce Chamber in Armenia to present recent developments in the field of competition protection legislation, carried out cases and to discuss competition issues with the mentioned Chamber member companies. Besides, SCPEC RA presented draft law “On making supplements and amendments to RA Law “On Protection of economic competition” to American Commerce Chamber in Armenia and its members for opinion and suggestions.

Assessment of Progress 18th Plenary 2017: PROGRESS

In relation to the first part of the recommendation, Armenia reported that the analysis carried out by civil society was used for identifying business integrity risks, the results of this analysis were discussed at the session of the Anti-Corruption Council and became the basis for developing a draft law on Business Ombudsman. In addition, the Ministry of Justice concluded an MOU with a telecommunication company providing for cooperation for protection of whistleblowers and on integrity measures. The State Revenue Committee administers a website providing useful information and services to business. An interesting civil society initiative is aimed at improved participation of private sector in designing and implementing public policies on SMEs. In this framework, a channel for whistleblowing for business was created. Armenia has revised the membership of the Anti-Corruption Council to include two places for business. However, these places are not yet filled in.

OTHER MAJOR ANTI-CORRUPTION DEVELOPMENTS

18th ACN Plenary Meeting, September 2017

Government report

In the end of 2016 Kolba Lab organized a competition of innovative solutions for public administration sector. The competition was supported by EU and UNDP. A broad number of innovative ideas were presented by public sector employees. The ideas were aimed at implementation of innovative technological solutions to improve public services. In January of 2017 the results of the competition were announces and 6 ideas wined. The Government of RA continues cooperation with Kolba Lab to realize winning ideas.