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Armenia: Civil Society Report
by the Armenian Lawyers' Association
An input to the UNCAC Implementation Review Mechanism:
Third year of review of UNCAC Chapters II and V

-Executive Summary-

This is the executive summary of a civil society shadow report from March 2021 that reviews Armenia's implementation and enforcement of selected articles in UN Convention against Corruption (UNCAC) Chapters II (Preventive Measures) and V (Asset Recovery). The report was supported by the UNCAC Coalition and is intended as a contribution to the UNCAC peer review process in the Republic of Armenia (RA). The full report is available on the UNCAC Coalition's website.¹

Armenia has made progress in adopting relevant anti-corruption legislation to implement various provisions of Chapter II of the UNCAC. However, Chapter V provisions have only been implemented poorly so far. There is a need for better monitoring and a more robust asset recovery framework.

Assessment of the review process

Has the government disclosed information about the country focal point?	No	Not officially published, but known (Department of Anti-Corruption Policy Development and Monitoring in the Ministry of Justice).
Was the review schedule published somewhere?	No	No specific information about the review process has been disseminated to the public.
Was civil society consulted in the preparation of the self-assessment checklist?	Yes	Several NGOs and academia provided input, according to the MoJ. However, the process was not fully inclusive in the self-assessment stage as there was no public announcement for consultations.
Was the self-assessment checklist published online or made available to civil society?	Yes	The MoJ has voluntarily published the self-assessment, on its website – it has not been published through Armenia's country profile page on the UNODC website.
Was a country visit undertaken?	Yes	The country visit by the reviewers Serbia and the Dominican Republic took place from July 16 to 18, 2019.
Was civil society invited to provide input to the official reviewers?	Yes	CSOs have both raised their concerns during the meetings and have provided observations in a written form.

¹ <https://uncaccoalition.org/new-civil-society-report-on-armenia-better-monitoring-and-a-more-robust-asset-recovery-framework-needed-to-advance-anti-corruption-efforts/>.

Was the private sector invited to provide input to official examiners?	Yes	The private sector was invited and was mostly presented during processes through business membership associations.
Has the government committed to publishing the full country report?	Yes	The RA government committed to publishing the full country report as soon as it is ready for publication. At the time this report was finalized, the country report was not finalized and had not been published.

Main findings and Recommendations (R)

Anti-corruption strategy and independence of the Corruption Prevention Commission

In fourth Anti-Corruption strategy and Implementation Action Plan for 2019-2022 were developed for the first time in an inclusive process, taking into account advice of specialized CSOs.

The Corruption Prevention Commission (CPC) is an autonomous, collegial body, that is responsible for the prevention of corruption and anti-corruption education. In line with 2019 amendments to the law, the CPC leadership was nominated by members by the RA government, three factions of the Parliament and the Supreme Judicial Council (SJC). Therefore, the CPC leadership was appointed as a result of a political arrangement without securing its institutional independence.

Political financing

There is limited supervision of the activities of the political parties and their funding. There is no independent body that supervises the activities of political parties and ensures transparency and accountability of their finances.

***R:** Reform political financing by adopting the draft amendments to the Code of Administrative Offence on the financing of political campaigns, and envisaging proportionate sanctions for violations of reporting requirements, donation regulations and other offences.*

Public sector employment, conflicts of interest and asset declarations

While it is a good practice that the CPC maintains a public register of assets, income and interest declarations of public officials, conducts verifications and imposes sanctions, the coverage of officials' family members is limited and some mid-level officials are not obliged to declare their assets at all. The hiring process of civil servants is not transparent. While the codes of conduct for civil servants are binding, they are often not adhered to since the ethics commissions in charge of monitoring violations do not have the necessary capacity to enforce them. The CPC conducts integrity checks of high-ranking officials but does not publish them, limiting the impact of this mechanism.

***R:** Increase the integrity of public officials and the judiciary by publishing the results of the integrity checks conducted by the CPC, and adopting codes of conduct for public officials, civil servants, members of parliament and investigators.*

Further improve the assets and income declaration system for public officials by expanding the scope of the public officials and the family members covered; Provide the CPC with the mandate to conduct lifestyle checks of public officials to verify their declarations.

Whistleblower protection

Several electronic whistleblowing platforms are operational, including one run by civil society. Nevertheless, the low number of reports indicate that the general populations' eagerness to blow the whistle remains limited and only a few important contributions to uncovering corruption and

implementing reforms have been made through these channels. Gaps in the protective framework for whistleblowers may be one of the reasons for this.

R: Expand whistleblowing legislation by covering violations committed in the private sector, foreseeing the “qui tam” concept for a whistleblower reward, and granting legal status to the alternative whistleblowing website “Bizprotect”, operated by civil society.

Public procurement

Despite the existing electronic procurement system being a first step towards more transparency and accountability, it does not use the Open Contracting Data Standard and there is no monitoring procedure in place for assessing the credibility of declarations on conflicts of interest and beneficial ownership in the procurement process. The electronic procurement system is not being used by all procuring entities; Tenders are often tailored to specific bidders.

R: Continue public procurement reforms by:

- *introducing a new e-procurement system that uses the open contracting data standard and is used by all contracting authorities;*
- *developing publicly accessible analytical tools for government contracting data;*
- *establishing mechanisms to collect feedback to improve integrity and efficiency;*
- *improving the appeals system;*
- *adopting stricter rules on single-sourced procurement application;*
- *developing procedures to assess declarations on conflict of interest and beneficial ownership.*

Management of public finances

The processes of budget adoption and the budget itself are transparent. A simplified citizen’s budget and an interactive online budget have been introduced. Regional and local government bodies are required to discuss budget proposals with interested civil society organizations. The Parliamentary Budget Office's ability support oversight of public finances has been questioned since it does not have the necessary staff, independent funding and no separate charter regulating its functions.

R: Increase human and financial resources of the Parliamentary Budget Office.

Company ownership transparency

There is no central beneficial ownership registry where all types of companies are required to report their ultimate owners. The electronic Unified State Register of Legal Entities Agency, which includes some general information on companies, is not fully and easily accessible to the public – but it is freely accessible to journalists.

R: Boost transparency in the private sector by ensuring full public access to the information on legal entities provided by the RA Unified State Register of Legal Entities free of charge and by creating a freely accessible beneficial ownership registry.

Participation of society

Although there is still room for improvement, the Armenian government has made significant progress in terms of civil society involvement in anti-corruption efforts, such as the UNCAC review process and the drafting of the current anti-corruption strategy. The processes of government budget adoption, for instance, involve open discussions of budget proposals with interested CSOs and a simplified and online-accessible citizen’s budget.

Anti-money laundering

A number of important improvements to the anti-money laundering framework have been included in a draft law on AML/CFT, which at the time the report as finalized was considered by Parliament but had yet to be adopted.

R: Increase efforts in Anti-Money Laundering (AML) by:

- creating a centralized register of bank accounts;
- introducing criminal liability of legal persons;
- intensifying the practices of parallel financial investigations initiated by law enforcement authorities;
- expanding the scope of the politically exposed persons and their family members; and
- amending the definition of the real beneficiary.

Asset recovery

The legal framework of asset recovery, despite recent legislative reforms, continues to be complex and incomplete. This highlights the necessity of establishing an Asset Recovery Office on the basis of the current framework, equipped with adequate staff and other resources to fulfill its mandate effectively.

R: *Review the national legislative framework on asset recovery, eliminating the contradictions and fill in the gaps to fully comply with UNCAC provisions by:*

- *granting standing to CSOs to initiate legal cases for asset recovery;*
- *reducing the value of assets subject to civil forfeiture;*
- *encompassing legal rules on the redistribution of recovered assets to the society;*
- *adopting the draft law on “Legal Assistance in Criminal Cases” to have a national legislative basis for asset return to other states;*

Establish an Asset Recovery Office, providing it with sufficient resources.