Meetings Minutes of the Multi-Stakeholder Group of The Extractive Industries Transparency Initiative (EITI) Armenia N 16

29.06.2023 | time: 16:00-17:00 | Big Conference Hall of the RA Prime Minister's Office

Attendees:

Members of the Multi-Stakeholder Group:

Chairperson:	Hovhannes Harutyunyan	Deputy Minister of Territorial Administration and Infrastructure
	Tigran Gabrielyan	Deputy Minister of Environment
	Artur Manukyan	Deputy Chairman of the State Revenue Committee
	Arman Poghosyan	Deputy Minister of Finance (alternate member)
	Nazeli Vardanyan	Director, "Armenian Forests" environmental NGO
	Viktorya Burnazyan	Vice-president, "EkoLur" informational NGO
	Anahit Simonyan	Director, Human Rights Research Center NGO
	Oleg Durgaryan	President, "Centre for Community Mobilization and Support" NGO
	Suren Nersesyan	YSU Geology Faculty, the Chair of Regional Geology and Minerals Survey, Associate Professor
	Armen Stepanyan	Sustanability Director, Zangezur Copper Molybdenum Combine CJSC
	Manvel Yeghiazaryan	Chief accountant, "Meghradzor Gold" LLC
	Vahe Vardanyan	General Manager, "Geomining" LLC (alternate member)

RA EITI Secretariat:

	Lusine Tovmasyan	Head of the EITI Armenia Seretariat
	Hasmik Manukyan	Expert at the EITI Armenia Seretariat

Guests:

	Avetik Darbinyan	Assistant to Deputy Prime Minister Tigran Khachatryan
	Leonid Avetisyan	Director, EKENG CJSC
	Araks Avetyan	Head, Project management department of EKENG CJSC

Absent members of the MSG:

Vache Terteryan	Deputy Minister of Territorial Administration and Infrastructure
Karen Karapetyan	Deputy Minister of Justice
Artyom Petrosyan	Legal Director, Geopromining Gold LLC
Artur Nikoghosyan	Administrative Director, "Agarak Copper and Molybdenum Combine" CJSC
Aram Osikyan	General Director, "Assat M" LTD (alternate member)
Gagik Shahnazaryan	Deputy General Director of "Aktala Mining and Processing Enterprise" CJSC (alternate member)
Sona Ayvazyan	Executive Director of "Transparency International Anticorruption Center" NGO, (alternate member)

Minutes taker: Hasmik Manukyan

AGENDA

1. RA EITI Multi-Stakeholder Group (MSG) Meeting Opening

The meeting acting Chair Hovhannes Harutyunyan, the Deputy Minister of Territorial Administration and Infrastructure of RA, welcomed the participants noting that it was the first MSG partners meeting in 2023. Making sure that there were no questions regarding the agenda, H. Harutyunyan proposed to start the discussion of the agenda.

Agenda Items

2. Approval of the RA EITI Progress Reports of the 1st and 2nd Semesters of 2022 and 2021-2022 Work Plan (not to be discussed)

The Multi-stakeholder Group **approved** by consensus the RA EITI Progress Reports of the 1st and 2nd semesters of 2022 and 2021-2022 Work Plan.

3. Approval of the RA EITI 2023-2024 Work Plan and National Priorities (10 minutes)

Before introducing the agenda item, Lusine Tovmasyan, Head of the EITI National Secretariat, welcomed the new MSG members, and presented the method of conducting the MSG

meetings according to the MSG Terms of Reference, detailing that the Chatham House Rule is applied for speeches.

Afterwards, L. Tovmasyan suggested to consider the issue under discussion together with the next agenda item - the validation templates, since they are interconnected and complete each other. It was said that the national priorities had been presented to the MSG members still in March and no comments were received on them. However, the Civil Society constituency had submitted certain observations on the draft Work Plan. It was informed that the Work Plan format hadn't undergone changes, taking into account the "beyond" rating it received during the previous validation. The constituency's next key observation was about the funding of the National EITI Report 2024. The point was that it is possible to finance preparation of the National Report 2023 with the support of the World Bank grant, however an appropriate source of funding must be found for 2024 report. The Civil Society constituency believes that the government should allocate relevant financial means in the budget in this regard. It was clarified that the content and volume of the Annual Report 2024 will change significantly after the launch of the planned systematic data disclosure system, and it is currently difficult to estimate the amount of financial means needed for report. Additionally, of course, there is also the possibility of finding other grants under the guidance of the government. Therefore, it is recommended to approve the Work Plan without indicating the source of report funding to clarify it later. Since according to the EITI Standard, the EITI Armenia has the opportunity to publish the 5th National Report by the end of 2024, and the matter under discussion is is the 6th National Report, the MSG will have time to make decisions on the given matter in the future. As for the 5th report, it can be prepared with the financing provided by the WB grant, setting however a smaller scope of the report, because depending on the devaluation of the US dollar against the Armenian dram, the actual funds have decreased. The proposed approach is also conditioned with the following: by launching the e-system of systematic data disclosures, we will have digital data being published with an automatic reconciliation feature, as a result of which, with the agreement of the EITI International Board, the task of financial reconciliation can be removed from the upcoming reports' scope, thus decreasing the amount of work of an Independent Administrator. It was also noted that the program's activities related to the introduction of the culture of responsible mining (which had been suspended pending the development of the given issues in the mining strategy being developed) had been revised to ensure active participation of the stakeholders, and in particular, that of the civil society constituency in the framework of the implementation of the Mining Strategy Action Plan led by the Ministry of Territorial Administration and Infrastructure. For this purpose, the restructuring of the Responsible Mining Working Group is implied due to the changes in the MSG members and ensuring the participation of all interested parties in the work to be carried out by the Ministry of Territorial Administration and Infrastructure. In this

regard, the civil society representative proposed a small edit in the Work Plan, which was accepted.

The MSG approved by consensus the RA EITI Work Plan 2023-2024 and National Priorities.

4. **Presentation of the works of the 2nd EITI international validation, discussion of the activities of filling out the pre-validation questionnaires**

Lusine Tovmasyan, Head of the EITI National Secretariat, detailed that the "satisfactory" rating of the previous validation model corresponds to the "fully met" assessment in the new validation model, which Armenia will hopefully continue to have. L. Tovmasyan introduced the validation procedure, in particular:

- Armenia's next validation process will commence on July 1, 2023.

- On July 1, 2023, the MSG should submit three completed validation templates: "Stakeholder Engagement", "Transparency" and "Outcomes and Impact", the content of which should be approved by consensus by the MSG.

- Upon receipt of the templates, the EITI International Secretariat should undertake a review of the assessment, taking into account the EITI Standard progress during the reporting period. During the review, remote (Zoom) interviews will be conducted with all stakeholders individually.

- The draft assessment will be sent to the Multi-stakeholder Group for feedback. The MSG should submit their comments within 4 weeks.

- After receiving the MSG feedback, the Secretariat's assessment will be finalized and submitted to the EITI Board through the Validation Committee to be approved.

- The Board will make a decision and, if necessary, prescribe corrective actions.

The National Secretariat sent the drafts of completed templates to the constituencies, on which the Civil Society Constituency submitted their observations. The observations are mainly about the insufficient number of MSG meetings, which, according to the constituency, has limited the opportunities to discuss broader issues related to the governance of the sector, although all the requirements of the Standard have been met.

During the working meeting held on July 26 with the participation of the National Secretariat and all the constituency members, the Civil Society Constituency presented a proposal according to which the MSG can adopt a corrective action statement in an advance manner to maintain the number of face-to-face MSG meetings according to the MSG Terms of Reference,

i.e. at least 3 per year. The text of the statement in accordance with the proposal was **adopted by the consensus** of the MSG. It was also suggested to edit the MSG Terms of Reference, specifying that the MSG meetings should be held at least 3 times a year.

Next, L. Tovmasyan referred to the MSG self-assessments proposed in the templates. In terms of two requirements of the Standard - transparency of contracts (requirement 2.4) and disclosure of beneficial owners (requirement 2.5), the self-assessment is suggested as "exceeded", for the rest - "fully met", except for the requirement "MSG oversight", which was proposed to be assessed as "mostly met" by the Civil Society Constituency. The MSG representative of the civil society constituency noted that although Armenia was regularly mentioned as a leading and exemplary country at the EITI Global Conference held in Dakar in June, our MSG should be a demander and admit that, in particular, the small number of MSG meetings has affected the MSG ability to influence the ongoing processes in the mining industry.

The MSG approved by general consensus the proposed versions of the templates and the MSG self-assessments indicated in the templated: "exceeded" for two requirements, "mostly met" for one requirement, and "fully met" for the rest.

L. Tovmasyan mentioned that the Secretariat will present the English versions of the templates to the EITI International Secretariat and the validation team within the defined period. It was also stated that a proposed schedule for the validation interviews will be presented in the coming week and that they will be held in late July - during the first half of August.

5. Discussion of the works of introducing EITI IT System of Systematic Data Disclosure (SDD)

The head of the National Secretariat stated that the technical task of The SDD system was circulated to the MSG members, in the development of which EKENG had an active participation. The technical task was developed by the IT consultant and discussed with EKENG and the EITI representatives of all the relevant state bodies.

Additionally, the range of issues to be solved as a result of the implementation of the system were briefly presented. It was noted that this system is to replace the current EITI online reporting platform, which will significantly change the content of annual national reports. It was highlighted that upon the approval of the technical task of the information system of systematic data disclosure, it will also be submitted to the approval of the Armenia's digitization council, and then a tender will be announced.

It was proposed to the MSG that the Tender Committee should be composed of the following representatives:

- EKENG representative (Chair of Committee)
- State Revenue Committee representative (SRC IT systems responsible person)
- Candidate nominated by EITI MSG Civil Society Constituency
- Candidate nominated by EITI MSG Mining Companies Constituency (preferably with IT skills)
- EITI Secretariat (Prime Minister's Office) representative (to ensure compliance with the EITI Standard and approaches)
- EITI Procurement specialist (without the right to vote)

The Civil Society constituency nominated Sona Ayvazyan's candidacy. The SRC **proposed** to have 2 members – responsible persons for the relevant functions. The proposal was **accepted**.

Since the MSG has fallen behind the work plan of approving the technical task, it is necessary to get World Bank's agreement to extend the grant period up until the end of 2024, which is necessary for announcing the tender, for selecting an consulting company, implementing the activities, and to ensure the testing of the system with one year's data. The proposed procurement method is the competitive QCBS method, the procedure of which was introduced to the MSG members.

In addition, she noted that there is a certain risk regarding the insufficiency of funds. It was also informed that in order to develop the SDD information system and to ensure data access, it will be necessary to make amendments and additions to a number of legal acts. In order to carry out these works, it is possible to face the necessity of hiring a short-term legal expert supported by the WB grant. It was also proposed to create an inter-agency working group composed of representatives of all responsible state bodies and the MSG in order to support and supervise the activities on the creation of the SDD IT system. The MSG approved the proposal.

The MSG approved by consensus the Terms of Reference of the SDD information system and the composition of the proposed Tender Committee. The EKENG representative agreed to chair the Tender Committee.

H. Harutyunyan **noted** that the Mining Companies constituency and the State Revenue Committee will submit the names of their candidates for the Tender Committee to the National Secretariat within a maximum of 1 week.

6.   Discussion of Other Issues

The following issues were discussed, as well:

6.1. International Cooperation

- The Chair of the meeting discussed Armenia's participation in the EITI Global Conference held in Senegal on June 11-17. H. Harutyunyan stated with satisfaction that Armenia is going to represent EITI European region Contries' Constituency in the EITI Board throughout the upcoming 3 years. Lusine Tovmasyan, Head of the EITI National Secretariat, who was elected as a member of the International Board at the EITI Global Conference in Dakar, will perform that function. L. Tovmasyan highlighted that this achievement is also related to Armenia being considered a successful country in the implementation of EITI, and this was supported not only by the MSG work, but also by that of the state bodies, especially of the middle level menagement, as well as the mining companies, which ensured the timely and proper presentation and publication of all the information required by the Standard.

- L. Tovmasyan informed that the delegation of Tajikistan's MSG is visiting Armenia on July 17-19 for the purpose of studying the best practices, asking the relevant constituencies to meet their Tajik partners to present their experience and stances on issues of interests, as well as share the current and ongoing reforms in the industry. The meetings schedule will be additionally presented by the National Secretariat and agreed with the participants.

6.2. Activities to disclose beneficial owners

- It was presented that according to the periodic monitoring of BO declarations carried out by the National Secretariat, the companies' overall level of filling out the declarations is good, except for one company the mining right of which was restored, however the company did not submitt a declaration. It was noted that the Secretariat has submitted this information to the authorized bodies in order to apply measurements of responsibility defined by law.

6.3. Discussion of issues regarding state participation in mining projects (on the recommendation of Civil Society Constituency)

The representatives of the constituency discussed the necessity of open procedures when adopting state participation decisions, the politics in the industry, the form of state participation in the companies, the processes of receiving dividends from shares, possible conflicts of interest, the risks of state participation in the companies and other similar issues. The representatives of the state bodies, as well as the mining company, presented their position on the issues raised.

The Civil Society Constituency representative also talked about the constituency's position on the already approved mining strategy remaining unchanged and the importance of the issues that have not been solved in the strategy.

The MSG representative of the Mining Companies Constituency voiced about the breaches of the terms of issuing the permit for geological explorations. H. Harutyunyan explained that such breached are related to verifying the credibility of the presented information, which, unfortunately, is sometimes technically impossible to be implemented faster. It was also discussed that in specific cases the Ministry can discuss the issue separately.

MSG Statement on the "MSG Oversight" sub-section (Part I) of the "Stakeholder Engagement" Validation Template

In addition to the information and self-assessment presented in the "MSG Oversight" sub-section (Part I) of the "Stakeholder Engagement" template and taking into account the concern of the MSG Civil Society constituency regarding the low frequency of the face-to-face MSG meetings and the consequent limitation of opportunities to include a wider range of mining sector governance issues in the meetings;

The MSG acknowledged that the MSG oversight during the reporting period was mostly carried out in the form of electronic correspondence, and the agenda issues were touched upon in the remote e-discussions and agreements. While admitting that this way of organizing the MSG oversight works ensured the implementation of all the requirements of the EITI Standard, the MSG admits though that the number of face-to-face meetings was insufficient, which resulted in the leaving other legal and practical issues out of the scope of discussions, the MSG comments and recommendations on which could be important for the good governance of the mining industry.

Therefore, the MSG decides the following:

During the current year, it is mandatory to hold 3 face-to-face MSG meetings, in the agendas of which the issues proposed by the Civil Society constituency should be included as priority matters. Additionally, in the following years, to hold the MSG meetings strictly following the frequency defined by the MSG Terms of Reference.