**Armenian EITI MSG’s Feedback on Armenia Validation and Draft Assessment of Progress in Implementing the EITI Standard**

12 February, 2024, Yerevan

Approved by the MSG

This document presents the Armenian EITI Multi Stakeholders Group’s feedback on the Armenia Validation report and draft assessment of progress in implementing the EITI Standard.

Validation Draft Report and Assessment ware reviewed by all members of the Armenian EITI MSG and we consider it necessary to note that the EITI International Secretariat’s assessment of the collected data and the received consultations is appropriately qualified and detailed.

The result of MSG review and elaborated comments are presented by component name, sector, EITI requirement, title and pages as below.

# COMPONENT: Transparency, Sector: Revenue collection, EITI requirement: Data quality (#4.9), pages: 46-47

**MSG comments**

*The draft assessment report states that “In accordance with Requirement 4.9, Armenia is required to provide a statement attesting to the fact that there were no elements discovered during the data collection and reconciliation process that would raise questions about the comprehensiveness and reliability of the reconciled financial data. To strengthen implementation of Requirement 4.9, Armenia is encouraged to develop a government audits database and ensure that all material companies submit audited financial statements”.*

We would like to inform you that according to the Law of the Republic of Armenia "On Accounting"

Article 26 - the financial reports of the following organizations and groups are subject to mandatory audit: the public interest entities and large entities, the medium entities, the group whose parent organization is a public interest entity, and large groups, medium groups.

Article 27- all organizations and groups, except for small organizations and groups and micro-organizations, are required to publish annual financial statements. The organizations and groups (the parent organization of the group) subject to audit in accordance to the same law and other laws, are obliged to publish annual financial statements only after being audited.The financial statements of the mentioned organizations and groups are subject to publication with the auditor's report. Financial statements published without an auditor's opinion, as well as incomplete ones, are considered unpublished.

An entity whose financial statements are required to be published by law may do so by:

օn its website or at http://www.azdarar.am or on the official website of the mass media registered in RA.

Moreover, if the organization has published the financial reports on its website or on the official website of the mass media registered in the Republic of Armenia, then the link/address of the website of the publication of the financial report must also be published on the website http://www.azdarar.am

Failure to submit financial reports to state bodies in the order and terms prescribed by the Article 169.2 of the Code on Administrative Offences or not to publish them in the order and terms prescribed by law shall result in the imposition of a fine in the amount of fifty times the minimum salary. Failure to submit financial reports to state bodies or to publish them in accordance with the law within thirty days after the date of imposition of the fine shall result in the imposition of a fine in the amount of five hundred times the minimum wage.

In addition to the above, according to part 2 of Article 23 of the Law, the financial reports are signed by the head of the organization and the chief accountant. Moreover, in accordance with Article 10, part 1 of the Law, only expert accountants and auditors can work as chief accountants in public interest entities, large entities, and medium-sized oentities.

# COMPONENT: Transparency, Sector: Subnational contributions, EITI requirement: Social and environmental expenditures (#6.1), pages: 52-53

# *The draft assessment report states that “ In accordance with Requirement 6.1, Armenia is required to specify all non-government beneficiaries of mandatory social expenditures. To strengthen implementation, Armenia is encouraged to work with relevant government entities and mining companies to strengthen their systematic disclosures of social expenditures and environmental payments to government and expenditures to the benefit of third parties”.*

We would like to inform you that a package of legislative amendments developed by the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia is being distributed in accordance with the law. This package includes the following drafts: "On Amendments to the Subsoil Code of the Republic of Armenia" (hereinafter referred to as "the Law"), "On Amendments to the Law "On Local Self-Government”, “On Amendments to the Law "On Local Self-Government in the City of Yerevan". The legislative amendments provide for a mechanism of uniform and fair payments to be paid by subsoil users to communities for social alleviation.

As a result of the planned changes, the person holding a mining permit is obliged to make payments to the community budget (fund’s part) for social and economic development in accordance with the Subsoil Code of the Republic of Armenia. These funds can be used exclusively for community socio-economic development programmes. At the same time, the head of the local administration must publish relevant reports on the implementation of socio-economic development projects.

The draft also provides that, within 24 months of the entry into force of the law, persons holding a mining permit at the time of the entry into force of the law, apply to the competent authority for a review, in accordance with the provisions of the law, of their obligations to provide social and economic support to the communities in the documents certifying their right to subsurface.

After the adoption of the drafts, payments to third parties will be excluded from the mandatory social payments to communities made by subsoil user companies, as well as payments for social and economic development of the communities will be mandatory for each subsoil user, holding a mining permit.