



ARMENIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE MULTI-STAKEHOLDER GROUP'S MEETING MINUTES No. 12

16 April 2019 | Time: 14:00-16:00 | RA Government

Attendees: Members of the Multi-Stakeholder Group

Chairperson: Tigran Avinyan	Deputy Prime Minister
Irina Ghaplanyan	First Deputy Minister of Nature Protection
Karen Isakhanyan	Deputy Minister of Territorial Administration and Development
Arman Poghosyan	Deputy Minister of Finance (alternate member)
Perch Khachatryan	Head, Legal Department, "Zangezur Copper and Molybdenum Combine" CJSC
Vahe Vardanyan	General Manager, "Geomining" LLC
Sona Ayvazyan	Executive Director, Transparency International Anti-corruption Center
Inga Zarafyan	Chairperson, "Ecolur" Informational NGO
Arthur Hambartsumyan	Board member, "Civil Voice" NGO
Aram Osikyan	General Manager, "ASMAT" LLC (alternate member)
Manvel Yeghiazaryan	Chief accountant, "Meghradzor Gold" LLC (alternate member)
Andranik Aghabalyan	Deputy General Manager, "GeoEconomics" CJSC (alternate member)

Armenian EITI Secretariat:

Lusine Tovmasyan	Head
Anahit Arustamyan	Expert
Satenik Hovhannisyan	PR Expert

Guests:

Lilia Shushanyan	Deputy Minister of Territorial Administration and Development
Artur Manukyan	Deputy Chairman of the RA State Revenue Committee
Viktorya Aydinyan	Assistant to the Deputy Prime Minister
Shushanik Kerobyan	Deputy Minister of Energy Infrastructure and Natural Resources
Narine Tadevosyan	World Bank Armenia Office
Aleksandar Dragojlovic	GIZ
Viktoria Gevorgyan	GIZ
Lusine Sargsyan	British Embassy in Yerevan
Varant Meguerditchian	Mining Legislation Reform Institute

Absent members of the MSG:

Davit Ananyan	Chairman of the RA State Revenue Committee
Vardan Gevorgyan	Deputy Minister of Energy Infrastructure and Natural Resources
Armen Stepanyan	Deputy President for Sustainable Development, “Lydian Armenia” CJSC
Artur Nikoghosyan	Administrative Director, “Agarak Copper and Molybdenum Combine” CJSC
Harutyun Movsisyan	Associate Professor, Department of Search and Exploration of Mine Sites, Yerevan State University
Davit Tadevosyan	Deputy General Manager, “Teghut” CJSC (alternate member)

Minutes taker: Lusine Tovmasyan

Anahit Arustamyan

AGENDA

1. Opening of the Meeting of Armenia's EITI's Multi-Stakeholder Group (MSG)

T. Avinyan, as the acting Chairperson of the MSG of Armenia's EITI, welcomed the attendees and mentioned that in 2018 the Activities approved by EITI Work Plan were implemented, which were rated high by the responsible officials of the EITI International Secretariat.

It was also noted that in terms of implementation of EITI, 2019 is a responsible year, as a number of important results should be ensured, specifically: the preparation of the Armenia's Second EITI Report; taking steps towards the solution of the issues identified by Armenia's First EITI Report and the reforming of the sector; raising the public awareness on the data disclosed through the EITI; the process of validation of Armenia's EITI conducted by international independent validators; actions to ensure the disclosure of beneficial ownership; conducting a Scoping Study in order to extend the scope of EITI Armenia in the 2020 and later reports; and a study on the topic of systematic disclosure of sectoral data.

The Chairperson of the meeting informed that in November 2019 it would be three years since most members of the Multi-Stakeholder Group had been members of the MSG, and, pursuant to the ToR of the EITI MSG, this implied a new election of the members of the Multi-Stakeholder Group by broad constituencies, i.e. civil society and mining companies, through an independent procedure. He emphasised the importance of ensuring a most extensive and inclusive participation for all the interested parties.

T. Avinyan noted that he appreciates the cooperation with the international partners in the implementation of EITI in Armenia, due to whose assistance the results of the previous years were achieved, as well as the above-mentioned activities would be carried out. He presented that the World Bank and GIZ acting on behalf of the German Government were the key partners in implementation of the EITI Work Plan 2019.

Agenda Items

1. Approval by the MSG of the 4th Quarterly Report of 2018 on EITI Implementation Activities in Armenia

The 4th Quarterly Report of 2018 on EITI implementation activities in Armenia was presented to the MSG for approval. Those present were informed

that no written comments and recommendations had been received from the MSG on the Report.

The Multi-Stakeholder Group **approved** the 4th Quarterly Report of 2018 on EITI implementation activities in Armenia by consensus.

2. Approval by the MSG of Performance of the 2018 Work Plan of Armenia’s EITI

The Implementation of the 2018 Work Plan of Armenia’s EITI was presented to the MSG for approval. Those present were informed that no written comments and recommendations had been received from the MSG on the Implementation.

The Multi-Stakeholder Group **approved** the Implementation of the 2018 Work Plan of Armenia’s EITI by consensus.

3. Presentation of the Terms of Reference for Armenia’s 2019 EITI National Report; and Approval by the MSG

The Multi-Stakeholder Group stated that no Scoping Study had been conducted for developing Armenia’s second EITI Report, and the Scoping Study conducted in 2017 and Armenia’s first EITI Report could serve as a Scoping Study for the second Report. The scope of the second EITI Report is established **by the following decisions of the MSG:**

1. The second EITI Report will be developed for the **2018 financial year.**
2. **The companies and government agencies submitting a public report for the 2nd EITI Report**

EITI Reports to be submitted by all the mining companies which had been issued a permit for metallic mineral extraction, with the exception of those which had been recognized as bankrupt.

For 2018, the reporting mining companies are as follows:

	Mining company	Number and year of the mining contract
1.	“Meghradzor Gold” LLC	Number PV-057; 22 August 2012
2.	“Paramount Gold Mining” CJSC	Number 089; 12 June 2012
3.	“Sagamar” CJSC	Number PV-093; 20 October 2012
4.	“Ler-X” LLC	Number PV-094; 16 August 2012
5.	“Akhtala Mining and Processing Enterprise” CJSC	Number PV-103; 20 October 2012
6.	“Fortune Resources” LLC	Number PV-169; 20 October 2012
7.	“Molibdeny Ashxarh” LLC	Number PV-174; 7 November 2012

	Mining company	Number and year of the mining contract
8.	“Kapan Mining And Processing Company” CJSC	Number PV-183; 27 November 2012
9.	“Mego Gold” LLC	Number PV-184; 28 December 2012
10.	“Geopromining Gold” LLC	Number PV-189; 20 October 2012
11.	“Vardani Zartonqy” LTD	Number PV-239; 27 September 2012
12.	“Lydian Armenia” CJSC	Number PV-245; 26 September 2012
13.	“Lichqvaz” CJSC	Number PV-293; 22 November 2012
14.	“Agarak Copper-Molybdenum Combine” CJSC	Number PV-311; 5 April 2013
15.	“Assat” LTD	Number PV-366; 6 June 2013
16.	“Vayk Gold” LLC	Number P-371; 30 November 2012
17.	“Teghout” CJSC	Number PV-376; 20 February 2013
18.	“Marjan Mining Company” LTD	Number PV-398; 7 March 2013
19.		Number P-458; 11 February 2013
20.	“Tatstone” LTD	Number P-459; 11 February 2013
21.	“At-Metals” LTD	Number P-514; 16 January 2015
22.	“Bacteck Eco” LTD	Number P-515; 22 August 2014
23.	“Geghi Gold” LTD	Number P-544; 22 July 2016
24.	“Multi Group Concern” LTD	Number PV-213; 20 October 2012
25.	“Zangezur Copper and Molybdenum Combine” CJSC	Number PV-232; 27 November 2012
26.	“Active Lernagorts” LTD	Number PV-425; 28 December 2012
27.	“Gharagulyanner” LTD	Number P-547; 25 October 2016

The following government agencies report to the EITI:

- State Revenue Committee;
- Ministry of Nature Protection of RA.

Based on the fact that the Ministry of Nature Protection does not possess information on penalties and fines, it was decided that, as assigned by the Deputy Prime Minister, the Inspectorate for Nature Protection and Mineral Resources would submit information to the Ministry of Nature Protection on

all penalties and fines in for the reporting year related to the mining companies, to be presented in the public reports of the second EITI Report.

- The communities: the data of their reports will be entered into the EITI's online reporting system through the RA Ministry of Territorial Administration and Development.

3. Reporting

EITI's public reports will be presented through the EITI's online reporting portal. The mining companies and government agencies shall submit the 2019 public reports not later than 1 August. To ensure this, it is necessary to amend the RA Government Decree N 666-N dated 8 June 2018.

4. Companies to be Reconciled

By the decision of the Multi-Stakeholder Group, for the financial year 2018, the companies which had in the reporting financial year paid to the RA national budget taxes and payments equivalent to or exceeding AMD 150 million would be subject to reconciliation. The decision was based on the disclosed data for the financial years 2016 and 2017.

5. The taxes and revenues presented in the EITI Report/Reports

The following taxes and payments will be bilaterally (without the thresholds) included in the respective reports of the mining companies and the government agencies:

1. Profit tax
2. Income tax
3. Value-added tax
4. Excise tax
5. Royalty
6. Natural resources usage fees
7. Environmental tax
8. Customs duties and customs fees
9. State duty for issuance of a permit for use (operation) of each mine of precious, ferrous, non-ferrous and rare metals
10. State duty for issuance of a water use permit

11. Refilling the funds for environmental protection
12. Allocations from the environmental protection fund to the company
13. Monitoring fees
14. Fees for environmental impact assessment (EIA) expert examination
15. Land tax
16. Property tax
17. Land acquisition
18. Payment of the difference in cadastral value of land plots at the time of change of intended use
19. Rent paid to the sub-national government entity (community)
20. Penalties (including local ones)
21. Fines (including local ones)
22. Obligations related to the socio-economic development of the communities, specified by the mining contract.

The financial flows unilaterally provided only by the companies are as follows:

1. Charitable contributions, donations or any other permanent alienations done in a different manner to the community by the mining company;
2. Donations and endowments or permanent alienations done in a different manner to non-commercial legal entities (by the entity); and
3. Donations and endowments or permanent alienations done in a different manner to natural entities (the total amount and the number of natural entities).

There are no material revenue streams from the state, disclosed unilaterally.

The Independent Administrator shall reconcile the data reported through tax calculation (on an accruals basis).

6. Weights of streams: materiality formula for reconciliation of the financial flows

The revenue flows whose equity stake in the total revenue flows from the extractive industries comprises 1% and more will be considered as material and will be reconciled.

7. Permissible / non-substantial deviation limit in the case of reconciliation

The discrepancy of the financial flow will be investigated by the Independent Administrator for the purpose of final reconciliation, if the size of the discrepancy in the bilaterally presented financial flows comprises 4 percent of the financial datum but no less than AMD 1 million. The basis for such calculation shall be the datum presented by a party which is smaller.

8. Financial flows non-applicable within the scope of the EITI Report

Based on the disclosure of Armenia's EITI National Report, the Scoping Study conducted in 2017 and other analyses and discussions, the MSG decided that the requirements of the EITI Standard and the financial flows non-applicable within the scope of the RA EITI Report shall be as follows:

1. There are no state-owned enterprises or companies in which the state owns shares, operating in the metal mining industry in Armenia, therefore, the requirements of the EITI Standard (2.6.a) applicable to the rules and practices relating to the financial relations between the state and the government agencies (GA) are not applicable in Armenia. These are: financial transfers among GAs, non-distributed profits, reinvestment and third-party financing, dividends, as well as changes in ownership levels in subsidiaries and joint ventures and, during the reporting period, in companies, the payments of the GAs to the government and material revenues collected by GAs on behalf of the government.

2. In-kind revenues from the sector;

3. Quasi-fiscal expenditures, provisions on infrastructure and arrangements for barter (4.3);

4. Material transportation revenues (4.4); and

5. Artisanal and small-scale mining.

The 2016-2017 EITI Report noted that "Artisanal and small-scale mining are non-existent in the metal mining industry in Armenia. Since there are no publicly available reliable estimates in Armenia about the non-formal sector in the country's mining industry, the relevant available judicial acts and the decisions of administrative bodies related to non-formal activities have been studied in order to analyze this activity. The study found no court cases regarding non-formal mining activities. Taking into account the specificities of the sector, including its scale,

legislative regulations, oversight and reporting requirements, it is expected that there is no non-formal activity in this area.”

9. Socio-economic obligations

The obligations related to the socioeconomic development of the communities stipulated by the mining contract, the voluntary social contribution in the communities and the payments to non-commercial legal and natural entities will be included in the EITI Report.

10. Revenue redistribution

The budgetary system of the Republic of Armenia does not enable to present the distribution of revenues from the mining industry. However, the report will present the subventions provided in 2018 to the affected communities in accordance with the Law of the Republic of Armenia “On Targeted Use of Environmental Fees Paid by Companies”, and the relevant environmental target projects.

11. Level of disaggregation of data (project-level reporting)

The MSG views the activity implemented by one mining right / permit as a project. All the financial flows for the year 2018 that are possible to present at the level of extraction permits, should be presented in the report at the same level, mentioning about it clearly.

12. Production, export and employment

The mining companies will provide data by the **production, domestic sale and export** of the products. The products will be presented in accordance with the codes of the Foreign Economic Activity Commodity Nomenclature of the Eurasian Economic Union.

In view of the requirement of Article 9/3/1 of the “Subsoil Code”, a requirement will be added in the template of the public report to be submitted by the mining companies that the latter present data on the annual volumes of **extraction** in the reporting year.

The State Revenue Committee too will present data on **export**. In the RA Government Decree N 666-N dated 8 June 2018, the methods for presenting the export data, specifically the volumes, measurement units and values, shall be clarified in order to avoid technical discrepancies in between the data presented by a mining company and the State Revenue Committee.

The MSG decided that for the year 2018 the mining companies will present the **data on the annual average content of metal(s)** in produced and exported products (concentrates, alloys). A discussion will be held with the mining companies and the relevant experts of the State Revenue Committee for the proper formulation of this requirement and the establishment of the method for data presentation.

The mining companies will present data on **employment** by the following categories:

- ✓ term of the employment contract;
- ✓ citizenship of the employees: citizen of the RA and foreign citizen;
- ✓ community-scale employee representation; and
- ✓ Distribution of women and men in employment, as presented in the 2016-2017 report. In the 2018 financial year report, Armenia's EITI will present the requirement set according to the expected changes to the EITI Standard: In addition to the gender distribution, the type of employment will be presented too: those who perform managerial functions and those who perform other jobs.

13.Data reliability and verification

The MSG **decided** that to verify the reliability and accuracy of the data presented in the reports, the reports should be validated by the electronic signature of the head of the company or the chief accountant and a high-ranking official of a government agency or the deputy of the latter.

The reports shall be signed by:

- 1) heads of government agencies and/or their deputies; and
- 2) the head or the chief accountant of a mining company which has been issued a permit for metallic mineral extraction.

14.Auditing the presented data

The MSG stated that pursuant to the RA legislation, in the ministries the internal audit system functions under the minister; in other public administrative bodies subject to the RA Government, under the head of the agency; in the RA communities, under the community head; and in other government agencies created based on the RA laws, under the head of the agency.

The mining companies shall present information in the reports on the audit for the reporting year and provide a link to the publication of the auditor's opinion (or attach the scanned copy of the print publication of the auditor's opinion).

In accordance with the EITI First Report, between 2016 and 2017 seven large companies ("Agarak Copper-Molybdenum Combine" CJSC, "Geghi Gold" LTD, "Geopromining Gold" LLC, "Zangezur Copper and Molybdenum Combine" CJSC, "Teghout" CJSC, "Ler-X" LLC and "Lydian Armenia" CJSC) among the 27 metal ore extractive companies passed an audit.

15. Description of the important projects on subsoil reserves exploration

The EITI Report shall provide the description of the important projects on subsoil reserves exploration during the reporting period, as well as the aggregate amount of stocks approved in the country during the reporting period by the ore. Information shall be provided about the phase of the exploration works, as well as the regions for the implementation of the works.

16. Expanding the scope of the 2019 EITI report: new information to be included in the report

- The independent administrator must describe the government and community bodies which have competence in the area and their powers, and submit an expert analysis of their capacity to carry out their powers.
- The Independent Administrators must analyze and present the multilateral impact of the metal mining industry on the economy and economic activity indicator of the main affected communities.
- The Independent Administrator shall present the accessibility of the lands containing minerals, a detailed description of acquisition of the right to land use and water use permitting procedures, including the responsible government agencies, their authorities, the time frames and all required documentation. The Independent Administrator shall also present an assessment of the impact of these processes on the actual exercise and time frames of the mining rights, identify the existing legislative gaps and hindrances and the actual cases, and provide recommendations for their elimination. In particular, the Independent Administrator shall review the international best practices in combining the processes of granting land use rights and mining rights, and submit proposals based on them.
- The Independent Administrator shall describe the legal regulations governing the sale of shares of the companies holding mining rights, present the issues relating to the change of the actual ownership of the company as a result of

the sale of the shares, carry out a comparative legal analysis with the consent of the Authorized Body on the procedure for the transfer of the mining right, identify the legal gaps and provide clear recommendations on how to fill such gaps.

- The Independent Administrator shall review and present the available information on the management of environmental impacts from mining and monitoring; specifically, the report shall present brief information relating to the operations of the reporting mining companies for the reporting year published on the website of the RA Ministry of Environment on the monitoring and evaluation of atmospheric air, surface water and groundwater, atmospheric precipitation, quality of soil and bottom sediments. This task addresses the new requirement of the EITI Standard which should be approved in June 2019.

- When developing the report, the Independent Administrator shall send an inquiry to the mining companies, with the request for voluntary disclosure of the beneficial owners of the company as per the definition approved by the MSG . The information received shall be included in the report.

It was presented that, according to the decisions of the MSG, the Terms of Reference (ToR) was drafted for the Independent Administrator) based on the template developed by the EITI International Secretariat. The ToR was submitted to the MSG members, as well as to the EITI International Secretariat. Recommendations and observations were received, and the draft ToR was amended. The activities of preparation of the EITI Report will be carried out in several phases: preliminary analysis and Inception Report (phase 1); data collection (phase 2); initial reconciliation of data (phase 3); consideration of discrepancies and Draft EITI Report (phase 4); and Final EITI Report (phase 5). The EITI Report and the drafts shall be provided in Armenian and English. Also, the Independent Administrator shall carry out the publication of the Report and the presentation of the adapted version of the Report, as well as submit the summary datasheet in the established format to the EITI's International Secretariat.

The requirements for the Independent Administrator were presented in the Terms of Reference. One representative from each constituency of the MSG should be included in the Independent Administrator Selection Committee. The constituencies of the MSG agreed to nominate their candidates within two working days following the meeting.

The MSG **decided** by general agreement to approve the ToR for the Independent Administrator and, in case of making changes to it, discuss and adopt the changes in accordance with an expedited procedure.

Those present were informed that to ensure the submission of the public reports for the 2018 financial year, changes should be made to the RA Government Decree N 666-N dated 8 June 2018, to reflect the changes in the “RA Tax Code”, the recommendations in the EITI First National Report and the decisions of the MSG relating to the scope of the second EITI Report. The reporting templates will be agreed upon with the Independent Administrator who will develop the report, and will be submitted to the EITI International Secretariat for an opinion, thereafter they will be submitted to the MSG for approval. In connection with the amendments to the reporting templates, changes will also be made to the EITI’s online reporting portal, in order to ensure the uninterrupted process of online reporting.

3. Presentation and Discussion of Issues of Setting the Framework of the Terms of Reference for the Scoping Study for Extending the Scope of EITI in 2020

The issues of setting the Terms of Reference for the Scoping Study for Extending the Scope of EITI in 2020 **were presented**.

It was proposed, for the 2020 EITI Report, to subject to reporting the companies engaged in processing of metal ores and concentrates (hereinafter referred to as “foundries”) in the Republic of Armenia and the government agencies possessing the appropriate information. It was mentioned that, within the framework of the Scoping Study, the entity conducting the Scoping Study is expected to examine the legislative regulations of the activities of the foundries; submit a recommendation on the method of grouping the foundries engaged in metal mining activities by the types of activities; submit a recommendation on legislative amendments in order to subject the foundries to EITI reporting, pursuant to the MSG decisions and the EITI Standard.

It was proposed, within the framework of the Scoping Study, to research the appropriateness of subjecting the mineral water extraction entities to EITI reporting. The researcher will submit a report on the activities of companies permitted to extract mineral water; the sector’s share in the economy of the RA; the institutional and fiscal regimes regulating the sector; the state revenues received into state and community budgets (based on the requirements of the EITI Standard); and recommendations on legislative amendments which would ensure that the industry be subject to EITI reporting.

It was also mentioned that the researcher will be expected to carry out an analysis of the applicability of the requirements of the EITI Standard in the

aforementioned areas, the possibility of presenting the revenue flows to be reported by the state and the companies at the project level, outline the total amount of state revenues from these industries, provide the definition of “material” and document the scope of compliance with the EITI. Based on the results of this study, the MSG will pass a decision on including these areas in the future EITI Reports.

It was proposed to include the issue of publishing the mining contracts for the solid non-metallic mining and mineral water extraction industries in the Scoping Study. **It was also proposed** to evaluate the state revenues from the solid non-metallic mining industry, and, in case these are material, set a materiality threshold. As a result, the EITI will have information about the appropriateness of subjecting this industry to EITI reporting.

In regard to rendering the foundries reportable, the concern was voiced that the nature of operation of foundries varies, subject to the contractual relations: concentrate imported from overseas may be processed and exported; or concentrate may be received from an Armenian extractor, processed and returned to the extractor. As a result, the foundries do not become owners of the concentrate or the extracted resource and/or become a royalty payer. There is an issue related to the substantiation of subjecting the foundries to reporting as they neither participate in the extraction nor intervene in these processes.

It was mentioned that the EITI Standard clearly aims at presenting information on the entire chain, while the foundries, as part of the metal mining chain, are also considered to be royalty payers, if processing local ores. **It was proposed** to clarify the wording and subject the foundries to reporting which process minerals extracted within the territory of the Republic of Armenia.

Those present were informed that pursuant to the “RA Tax Code”, the entities producing metal concentrates and/or casts from mining waste and/or ores, or producing any products by processing mining waste, ores, concentrates and casts, are considered to be royalty payers, regardless of being exploiters of mining sites of metallic minerals.

It was proposed to explore the non-metallic mining industry in parallel with the mineral water sector. The MSG would determine the priority sector to be subjected to EITI reporting.

It was noted that the EITI Standard sets a materiality requirement, and the total volume of state revenues from the non-metallic mining industry and the share of the industry in Armenia’s economy should be understood. In terms of materiality, the number of entities extracting solid non-metallic minerals is large,

around 400, which makes the defining of materiality complicated. **It was proposed** to explore the potential for non-metallic mining industry as part of the studies conducted by the Government of Armenia with the support of the World Bank, “Economic Analysis of Armenia’s Subsoil Sector and Its Impact on Sustainable Development” and “Environmental and Health Assessment of the Mining Industry of Armenia”.

The attendees were also informed that the number of mineral water extraction entities was several dozens, and **it was proposed** to consider the issue of underground freshwater resources within the framework of the EITI Scoping Study.

It was mentioned that there was a necessity to discuss the issue of including the sector of underground freshwater resources into the EITI scope, and it was proposed to consider the appropriateness of a Scoping Study for the sector in the coming years.

It was proposed to consider the extraction of non-metallic minerals, to circulate among the Working Group and discuss the government revenues from the mineral water extractive industry, in order to understand the materiality and the appropriateness of covering them by the Scoping Study.

It was decided to include the foundries in the Terms of Reference for the Scoping Study for extending the EITI scope, with some reservations, i.e. only the foundries which process minerals extracted within the territory of the RA would be considered, while the foundries processing imported minerals would not be covered by the Scoping Study. It was also decided require that the party responsible for conducting the Scoping Study to carry out a comprehensive study of and express a professional opinion on the foundries that process minerals extracted in the RA territory but do not become the owners of the processed material, therefore, they are not considered to be royalty payers.

As to mineral and groundwater freshwater, only mineral water should be considered in the Scoping Study, to make it possible to manage the entire volume and use the resources efficiently. Before the TOR for the Scoping Study is approved by the MSG, convene an MSG working discussion on covering the mineral water and non-metallic mining sectors by the Scoping Study, after receiving generic date from the State Revenue Committee on state revenues from those sectors. To this end, the Ministry of Energy and Natural Resources will provide the SRC with a list of the entities permitted to extract mineral water and solid non-metallic minerals, based on which the SRC will provide information on the consolidated revenues received by the state from the entities of these sectors.

4. Presentation of EITI Implementation Activities

Development by the EITI Armenia of the Concept Paper on Responsible Mining: Definition of Responsible Mining

The definition and scope of responsible mining industry provided in the concept papers on the implementation of the culture of responsible mining developed by the MSG Responsible Mining Working Group were presented:

“Responsible mining is the combination of responsible practices of all stakeholders of the sector: mining companies, government and local self-governing bodies, residents of the affected communities and civil society. Meanwhile, responsibility is shared between these actors, improving the appropriate mechanisms for the effective organisation of their respective rights, powers and obligations.

“Responsible mining is a set of legal norms, institutions and practices that ensure reasonable utilisation of subsoil resources, based on the following principles: environmental protection; assessment and mitigation of potential risks; damage prevention and elimination of consequences; assessment of economic profit-loss ratio in accordance with the EU standards; benefit creation and equitable distribution for the mining companies, the state and the population; application of best available techniques; positive impact on the socio-economic life of the affected communities; transparency and accountability; and safe and harmless-for-health working conditions.

“The combination of sustainable development, economic efficiency and responsibility before the posterity shall be the permanent guidelines for responsible mining.”

It was proposed to clarify the standard for the assessment of economic cost benefit ratio, in view of effectiveness, by expanding *EU standards* into *best international standards*. **It was mentioned** that the assessment of economic cost-benefit ratio both in accordance with the EU standards and the best international standards may give rise to misinterpretation: several choices can be possible, which will become a subject of dispute because the choices can be very different.

It was decided to amend the definition: remove the word-combination “EU standards” and, for clarity, use the following wording: “... assessment of economic cost-benefit ratio will be done based on the standard that will be implemented by the legislation of the Republic of Armenia as an applicable standard.”

Presentation of Current Activities Towards Beneficial Ownership Disclosure

It was presented that the package of draft laws ensuring disclosure of the beneficial ownership of entities operating in the metal mining industry is on the

agenda of the current session of the National Assembly. After the adoption of the laws, activities on developing the sublegislation and relevant software for the State Register of Legal Entities will commence.

Organising Provincial Meetings in the Key Affected Communities to Present the Information Disclosed in the First EITI Report

It was also mentioned that during the upcoming month, meetings would be organised with the key communities affected by metal mining in Armenia, to present the First EITI Armenia Report to engage in discussions with multi-stakeholder representatives of the communities: the active involvement of all the constituencies of the MSG was deemed to be important.