



EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE ANNUAL PROGRESS REPORT 2018

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1. General Appraisal of the Annual Performance

Extractive Industries Transparency Initiative (EITI) is a world standard which promotes the open and accountable management of natural resources. To achieve this objective, transparency and accountability by organizations and government agencies involved in the extractives sector (oil, gas and metals) is promoted through disclosing for the citizens the total payments made by the companies to the state and community budgets and drawing an independent comparison with the government announced revenues.

The Multi-Stakeholder Group (MSG) of the Republic of Armenia has been authorized by the Government of the Republic of Armenia to oversee the implementation of the EITI. The MSG of the EITI of Armenia comprises the representatives of the Government, mining companies and civil society. The total number of the EITI MSG members is 15, including six representatives from government agencies, four representatives from mining companies, four representatives from the civil society and one representative from academia, as well as one alternate member from the government constituency and four alternate members from the constituency of the extractive companies: Tigran Avinyan, Deputy Prime Minister, has been the acting Chair of the MSG since 2019. The Initiative is considered to be a unique platform for trilateral cooperation in Armenia, where the stakeholders serve best the interests of the country through joint activities.

The new government formed after the revolution in Armenia in the spring of 2018 also attached importance to the implementation of the EITI Standard in Armenia, particularly in terms of fighting corruption, and committed to continue the systemic institutional and legal reforms, emphasising as an important breakthrough the preparation of the 2018 First EITI National Report, as well as elaboration of draft laws which would ensure the disclosure of beneficial ownership and the development of a public register. Changes were made to the composition of the EITI MSG. The Decree of the RA Prime Minister dated 16 July 2018¹ approved EITI Armenia MSG's new composition and appointed Ararat Mirzoyan, First Deputy Prime Minister, Chair. In 2018 the implementation of the Extractive Industries Transparency Initiative (EITI) in the Republic of Armenia were mainly focused on developing the 2018 EITI Report, conducting the Scoping Study and relevant analyses, designing the reporting templates for government agencies and extractive companies and granting them a legal status. Within the framework of the EITI, a package of draft laws was elaborated and approved on 21 March 2018. The package of the RA laws "On Making Amendments to the Mining Code of the Republic of Armenia"², "On Making Amendments to the Administrative Offences Code of the Republic of Armenia"³ and "On Making an Amendment to the Tax Code of the Republic Of Armenia"⁴ was elaborated which was considered by the National Assembly according to the procedure established for draft laws considered urgent and adopted on 21 March 2018. The legislative changes are aimed at enshrining publication of information on the mining sector, specified by the EITI Standard, as a mandatory requirement in the legislation.

¹ <https://www.e-gov.am/decrees/item/18988/>

² <https://www.arlis.am/DocumentView.aspx?DocID=120753>

³ <https://www.arlis.am/DocumentView.aspx?DocID=120539>

⁴ <https://www.arlis.am/DocumentView.aspx?DocID=120754>

In accordance with the requirements of the legal acts adopted within the scope of compliance with the EITI, the Ministry of Energy Infrastructures and Natural Resources published the mining contracts entered into with the metallic mineral extractive entities, as well as the information regarding the activities related to extraction of minerals and mining exploration of the mineral resources for the purpose of extracting minerals.

RA Government Decree N 666-N “On Establishing the Procedure, Time Frames and Templates for Publishing Information Regarding the Activities Related to Extraction of Minerals and Geological Exploration of the Mineral Resources for the Purpose of Extracting Minerals, the Procedure, Time Frames and Templates for Public Reporting on the Activities of the Mining Companies Holding a Permit for Metallic Mineral Extraction, and the List of Government Agencies” was issued on 8 June 2018.

In 2018 an electronic system was developed and launched for online public reporting by the extractive entities and government agencies for the EITI Report, which was a big step towards the systematic disclosure of sectoral data. A combined meeting and training was conducted for the reporting entities, during which procedures for public reporting and the guidebook for using the electronic system were presented. The reports for the EITI Armenia report and all of the reports by the mining companies and government agencies were submitted through the reporting portal (reports.eiti.am).

At the MSG meeting held on 27 March 2018 it was decided to submit a request to the International Board of EITI on the extension of the reporting deadline by 2.5 months, in view of the fact that the time frame planned for developing the EITI report was not sufficient for quality work, while an extension would allow to introduce and, for the very first report, use an innovative tool, i.e an online reporting platform. Respecting the request by the EITI Armenia MSG, a decision was passed at the meeting of the International Board of EITI in Berlin between 27 and 30 June 2018 to satisfy Armenia’s request and extend the reporting deadline for Armenia’s 2018 National EITI Report to 9 March 2019. Pursuant to the decision of the EITI Board meeting on 9 March 2017, validation will commence within two and a half years of becoming a candidate (09.09.2019).

For the purpose of designing the first EITI Report, in June 2018 “Ernst and Young” CJSC auditing firm was selected through competition as the Independent Administrator. Cooperating with all of the stakeholders, i.e. the government agencies responsible for the draft report, Multi-Stakeholder Group, the Secretariat and other interested organisations and individuals, and taking into account their considerations, “Ernst and Young” developed the first EITI Report for the financial years 2016 and 2017.

At the meeting of EITI Armenia multi-stakeholder group on 5 December 2018, the MSG approved the draft first EITI Armenia National Report, on condition that the report addresses the submitted recommendations and considerations. At the meeting the MSG also approved EITI’s 2019-2020 national priorities, EITI’s 2019-2020 Work Plan and the EITI Roadmap for the implementation of responsible mining practices.

During the reporting period, activities were also carried out towards publishing the online register of beneficial owners by 1 January 2020. The register will be publicly available. The Beneficial Ownership Disclosure Roadmap, published in December 2017, was transformed into a Government Protocol Decree, and an Inter-Agency Working Group on Beneficial Ownership Disclosure was created

by Decision 297-A of the RA Prime Minister, dated 27 March. Members from the three constituencies of MSG and representatives of state authorized bodies were involved in the group. The Working Group was headed by the Deputy Minister of Energy Infrastructure and Natural Resources, EITI MSG Member, Vardan Gevorgyan. The Working Group developed a package of draft laws regulating the legal issues related to disclosure of the beneficial owners of the companies operating in the metal mining sector of Armenia. During the reporting period, the package of draft laws regulating the legal issues related to the disclosure of the beneficial owners of the companies was approved at the RA Government meeting and submitted to the National Assembly.

In line with the deadline set for Armenia by the EITI Board, during the reporting period the MSG approved and published the 2017 EITI Annual Progress Report in June 2018. The Report summarised the activities towards the implementation of EITI in Armenia during 2017.

The changes in the composition of the Government during the reporting year resulted in changes in the composition of the MSG. The composition of the Multi-Stakeholder Group was approved by Decision N 960-A of the Prime Minister of the RA, dated 16 July 2018. Ararat Mirzoyan, First Deputy Prime Minister, was appointed Chair of the RA EITI MSG. Ararat Mirzoyan's powers were terminated in December 2018 in connection with his becoming Speaker of the National Assembly of the Republic of Armenia.

During the reporting period, a number of activities approved by the EITI Armenia Work Plan were carried out, namely, public awareness raising, design of the official website of EITI Armenia, development and English translation of the 2017 EITI Annual Progress Report and other documents, cooperation with the International Secretariat and international partners of EITI, preparations for the activities planned for early 2019.

During the reporting year the key activities undertaken by the MSG were aimed at:

- Development and approval of the Scoping Study for the purpose of designing the EITI Report;
- Development and approval of EITI First National Report;
- For EITI compliance, drafting laws of the RA aimed at enshrining the mandatory requirement in the legislation for publication of the complete information on the Permits Register as required by the EITI Standard in the mining sector and as specified by the EITI Standard, as well as the disaggregated data for all the taxes paid and payments made by the mining companies to the national and local budgets and the authorized bodies.
- Implementation of the activities of the Beneficial Ownership Disclosure Roadmap of metal mining companies of the Republic of Armenia which would result in that the names of beneficial owners of the companies operating in the metal mining sector of the RA will be known to the public as of 1 January 2020;
- Public awareness raising, especially attaching importance to the development and launch of the official website of EITI Armenia with UNDP support;
- Ensuring access to key EITI documentation for the public at large; and

- Work with international partners. During the reporting year the EITI implementation process in Armenia was assisted by the World Bank, the British Embassy to Armenia, UNDP Armenia and the German Agency for International Cooperation (GIZ). The project “Support for the Global Extractive Industries Transparency Initiative (EITI) in Armenia, Georgia and Ukraine” by GIZ was approved by the “Public Administration Reform and Modernization in the Eastern Partnership” initiative of the Federal Republic of Germany.
- Cooperation with the EITI International Secretariat.

During the reporting year the development of the institutional bases for the EITI implementation process in Armenia, raising the financial guarantees, forming the “EITI community” through the engagement of all the stakeholders and building the capacity of the MSG members and the other representatives were continued.

2. Appraisal of the Performance of the Targets and Activities Set by the 2018 EITI Work Plan of Armenia

ACCOMPLISHED ACTIVITIES ACCORDING TO THE 2018 WORK PLAN OF EITI ARMENIA

Objective	Ensuring accessible and timely information		
ACTIVITY 2. Creating the RA EITI website	Outcome/output and timeline	Implementation status	Responsible parties
	<p><i>Outcomes/outputs:</i> RA EITI website; RA EITI website, databases, database processing tools for providing online access to information, conducting inquiries, free information viewing functionality, creation of an online reporting portal</p> <p><i>Timeline:</i> June 2018</p> <p>Implementation: 2018</p>	Implemented during the reporting period, with delay from the deadline set by the Work Plan. After that carried on activities on the improvement of developed tools and troubleshooting, creation of filters based on tools and data base in the reports.eiti.am system	RA Prime Minister's Office/ARM-EITI Secretariat, Helix Consulting LLC
Activity 3. Ongoing website support	Outcome/output and timeline	Implementation status	Responsible parties
	<p><i>Outcomes/outputs:</i> ongoing website support, troubleshooting</p> <p><i>Timeline:</i> Ongoing</p>	Ongoing	RA Prime Minister's Office/ARM-EITI Secretariat, Helix Consulting LLC
Activity 4. Posting appropriate information in the EITI website (reports, videos, protocols)	Outcome/output and timeline	Implementation status	Responsible parties
	<p><i>Outcomes/outputs:</i> Reports, videos, protocols published in the website</p> <p><i>Timeline:</i> Ongoing</p>	Ongoing	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 5. Disclosure and publication of information on the mining sector in an easily understood language, preparation of social advertising	Outcome/output and timeline	Implementation status	Responsible parties
	<p><i>Outcomes/outputs:</i> Information sheets, infograms, EITI report, MSG annual report, information video-clips</p> <p><i>Timeline:</i> Ongoing</p>	Ongoing	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
	Outcome/output and timeline	Implementation status	Responsible parties

Activity 6. Awareness campaign on mining sector and EITI and their elucidation via social media (YouTube, Twitter, Facebook, etc.)	<i>Outcomes/outputs:</i> Information about mining and EITI published in social media <i>Timeline:</i> Ongoing	Ongoing	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 7. Development of communication strategy	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Draft communication strategy <i>Timeline:</i> April 2018	Accomplished	MSG, Prime Minister's Staff/ARM-EITI Secretariat, expert
Activity 8. Approval of communication strategy	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Communication strategy <i>Timeline:</i> May 2018 Implementation: July 2018	Implemented during the reporting period, with delay from the deadline set by the Work Plan, because MSG meeting was not held after the submission of final version of the communication strategy.	MSG
Activity 9. Implementation of awareness raising measures	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Round tables, meetings, including with representatives of affected communities, meetings with educational institutions <i>Timeline:</i> Ongoing	Ongoing	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 10. Official presentation of EITI report / conference	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> EITI conference <i>Timeline:</i> October 2018 Implementation: January 2019	EITI Conference was held after publishing EITI National Report on 30 January, 2019 according with the 2019-2020 EITI Work plan.	MSG, RA Prime Minister's Office/ARM-EITI Secretariat

DESCRIPTION OF THE COURSE OF IMPLEMENTATION OF THE OBJECTIVE

Activity 2. Creating the RA EITI website

The tender implemented within the framework of cooperation with UNDP Armenia resulted in the selection of "Helix Consulting" LLC as the company to develop the official website of EITI Armenia. During the reporting period the website development activities proceeded.

The Secretariat actively collaborated with "Helix Consulting". Five meetings were held, resulting in the finalisation and approval of the website design and structure (section, subsection, and online reporting system), as well as the issues related to the types of information stored in the respective units and open data policy. "Helix Consulting" company conducted a website content management training for the Secretariat staff. Additionally, after completing the work on the design of the website and the approval of the reporting forms by the MSG, the electronic reporting system for online reporting by the companies and government agencies was developed. In order to increase the effectiveness of use of the system, the Secretariat paid special attention to excluding, to the extent possible, any technical errors, omissions and defects during the completion and submission of the EITI public reports through software solutions.

“Helix Consulting” LLC carried out the following works: launching the electronic reporting system for public reports; testing of the system; correction of the issues arising in the process of submitting reports by the users; and creation of tools for submitting the data formed as a result of the public reports submitted by the mining companies and government agencies, to make the data available to the public in a more accessible way and to provide broader opportunities for their use. During the reporting period, the responsible staff of “Helix Consulting” LLC, the Independent Administrator and the EITI Secretariat of Armenia provided consultancy to the representatives of the mining companies and government agencies which report on a daily basis, on how to register in the system, complete the public reports, sign and submit them.

During the reporting period, “Helix Consulting” LLC, the Independent Administrator and the EITI Secretariat of Armenia held a series of meetings in order to approve the formats for presenting the databases on the EITI website, as well as the structure of the tools enabling to make the data presented through the public reports publicly accessible using various filters. As a result, the Secretariat approved the design of the relevant pages, formulas were developed for generating tables with the necessary information from the database using filters, the filters were developed, and the systems were launched.

Activity 4. Posting appropriate information on the EITI website (reports, videos, minutes)

The EITI sub-page⁵ of the official website of the Government of the Republic of Armenia and subsequently the EITI Armenia official website⁶ were constantly updated during the reporting period, and information has been posted on the EITI implementation activities in the Armenian and English languages.

During the reporting period the content of the website of EITI Armenia was developed, information on the implementation of EITI was posted which was previously available on the EITI sub-page of the official website of the RA Government. The website has been completed with information on specific sections, the EITI Work Plans, quarterly and 2017 reports, the minutes of all the MSG meetings, legal acts, drafts and other relevant documents that were developed during the course of Armenia’s becoming an EITI member. The information is presented on the website in the Armenian and English languages. The website has been completed with information on specific section, documents containing the publicly accessible EITI open practice rules, as well as relevant information and news.

Activity 5. Disclosure and publication of information on the mining sector in an easily understood language, preparation of social advertising

Pursuant to the EITI Board decision, Armenia was supposed to publish the 2017 Annual Progress Report of EITI Armenia by 1 July 2018. During the reporting year, the EITI Secretariat of Armenia carried out the work on elaboration of the 2017 Annual Progress Report of EITI Armenia. The 2017 Annual Progress Report of EITI Armenia was discussed with the stakeholders and approved by the MSG, thereafter it was made available to the public⁷. The report was electronically approved by the MSG constituencies and was published on 29 June 2018 on the website in Armenian and English⁸ languages (see Activity 41 for details). The 2018 quarterly reports on the EITI implementation process were developed and approved by the MSG and published on the EITI website.

The website also published news about the activities implemented during the reporting period, the minutes of the MSG meetings and the English translations of the minutes of the most important MSG meetings⁹.

The EITI National Secretariat carried out the works related to public awareness raising events planned for the first quarter of 2019: organising the EITI Conference, making and distributing social videos on the implementation of the EITI, developing ToRs for printing informational materials and implementing the respective procurement procedures.

Open Contracts and the Permits Register

⁵ <https://www.gov.am/en/eiti/>

⁶ <https://www.eiti.am/en/>

⁷ <https://www.eiti.am/en/Quarterly-annual-reports/>

⁸ <https://www.eiti.am/en/Quarterly-annual-reports/>

⁹ <https://www.eiti.am/en/agenda-protocols-other-related-documents>

The legislative changes within the scope of compliance with the EITI resulted in that in 2017 the RA Ministry of Energy Infrastructures and Natural Resources published the mining contracts¹⁰ entered into with the metallic mineral extractive companies. Information¹¹ was presented regarding the activities related to extraction of minerals and geological exploration of the mineral resources for the purpose of extracting minerals, thus meeting Requirement 2 of the EITI Standard.

Activity 6. Awareness raising campaign on the mining sector and EITI and their elucidation via social media (YouTube, Twitter, Facebook, etc.)

The EITI Armenia pages created in Facebook¹², YouTube¹³ and Twitter¹⁴ networks were regularly updated, publishing information on the EITI implementation and the sector and ensuring its access for the public at large.

The constituency of the civil society of the MSG of Armenia's EITI has submitted an observation related to the title of Activity 6 in the EITI 2017-2018 Work Plan ("Awareness raising campaign on the mining sector and EITI and their elucidation via social media"): to state, in order to avoid differing interpretations in the future, that this activity involves specifically raising awareness among the large groups of the public on the industry and enabling them gain a correct insight into the issues.

Activities 7 and 8. Development and approval of Communication Strategy

Within the framework of the Project implemented through the funding of the British Embassy to Armenia, the AUA CRM submitted the draft Communication Strategy to the Secretariat of EITI Armenia on March 16th. The MSG proposed to match the document to the activities and financial resources provided for by the Work Plan of the EITI Armenia, to incorporate in the Draft the Beneficial Ownership Disclosure Roadmap, with the time lines for the activities as well as the activities planned under the World Bank grant. It was suggested that the text part of the Strategy (without the Annexes) be reduced to up to 30 pages and clarify the activities in order to make them feasible.

On April 30th of the *reporting year* the AUA CRM submitted the amended draft Communication Strategy to the Secretariat of EITI Armenia, which was circulated among the MSG members. The MSG members submitted no opinions on the draft. The amended draft EITI Communication Strategy was approved by the MSG on the July 31st meeting and was published on the website¹⁵.

Activity 9. Implementation of awareness raising measures

During the reporting period, EITI Secretariat of Armenia held meetings with the constituency of the mining companies, officials and finance officers of the extractive companies to be covered by the first EITI Report. During the meetings, the process of implementation of EITI in Armenia and the EITI reporting requirements were presented. Discussions took place on the scope of information to be provided by the reports.

Within the framework of the Project implemented through the funding of the British Embassy to Armenia Media Initiatives Centre NGO organised courses for the representatives of government agencies and communities (on April 26-27), as well as for journalists and civil society organisations (on May 16-17). During the courses with the generic title "Transparency in the Mining Sector on the Public Agenda" the experts from the EITI Secretariat of Armenia presented the EITI, the implementation of the EITI in Armenia, the requirement for

¹⁰ <http://www.minenergy.am/page/571>

¹¹ <http://www.minenergy.am/page/569>

¹² <https://www.facebook.com/EITIArmenia/>

¹³ https://www.youtube.com/channel/UCx_9yOLmQCj_rwy2wYgRh6A

¹⁴ https://twitter.com/EITI_Armenia

¹⁵ <https://www.eiti.am/en/other/>

transparency and publicity in the EITI Standard and the legislative changes made within the scope of compliance with the EITI. During the course for journalists and civil society organisations, Artur Grigoryan, member (former member) of EITI Secretariat of Armenia MSG’s civil society constituency, presented the work of the EITI MSG. At the meeting with the representatives of government agencies and communities the formats of the EITI reports to be submitted by them were presented, followed by discussions.

Under the World Bank “Armenia Extractive Industries Transparency Initiative Support” grant project a combined meeting and training course was held on 10 July at Yerevan “Best Western Congress” hotel on the procedure for public reporting for the first EITI Report of Armenia by the mining companies and government agencies in accordance with the Government Decree N 666-N dated 8 June 2018, and the use of the electronic reporting system. The participants of the meeting became acquainted with the staff of “Ernst and Young” CJSC, the Independent Administrator, responsible for compiling the EITI Report. During the meeting discussions were held with the representatives of government agencies and mining companies. As a result of the discussions the Independent Administrator compiled and provided to reporting entities, in addition to Government Decree N 666-N, with guidebook¹⁶ clarifying how to complete the public reports.

Under the World Bank “Armenia Extractive Industries Transparency Initiative Support” grant project a workshop took place in Tsaghkadzor on November 2-3 with the participation of the MSG and representatives of interested government agencies and other organisations. At the workshop, the staff of “Ernst and Young” CJSC, the Independent Administrator, responsible for compiling the EITI report, presented the draft EITI Report. The participants of the workshop also discussed a number of other issues related to the implementation of EITI.

Upon the request of the media organisation, interviews were held about EITI and the legislative package under elaboration on publishing the beneficial owners, with the participation of the Deputy Minister of Energy Infrastructure and Natural Resources (MEINR), a civil society representative and the head of the National Secretariat.

On 5 December an event, an MSG meeting¹⁷ took place elucidating the work done towards the implementation of the EITI Standard in Armenia during 2018, with the participation of mass media representatives and chaired by Ararat Mirzoyan, Chair of MSG, acting First Deputy Prime Minister.

Objective:

Ensuring accessible and timely information: availability of accessible, timely and complete information on the mining sector and the EITI

Outcome:

Despite the delayed implementation of a number of activities, accessible and timely information on the EITI implementation processes has been ensured during the reporting period, specifically through the newly created EITI website and the online reporting portal. The information was mainly published, based on the open data policy of the EITI.

Impact:

Awareness raising of the public on the EITI promoted informed dialogue during the multi-stakeholder discussions and events.

Objective	Development of roadmap for disclosure of ultimate beneficial owners		
	Outcome/output and timeline	Implementation status	Responsible parties

¹⁶ https://www.eiti.am/file_manager/e-reporting%20templates/EY_EITI_Instructions.pdf

¹⁷ <https://www.eiti.am/en/news/2018/12/05/msg-members-introduced-the-works-carried-out-during-the-implementation-of-the-eiti-standard-in-2018/20>

Activity 12. Public consultations on the draft roadmap	<i>Outcomes/outputs:</i> Disclosure of the draft roadmap, meetings <i>Timeline:</i> Ongoing	Ongoing	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 14.1. Establishment of an Interagency Work Group (WG) for BO disclosure and legal framework development meetings	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Interagency Work Group, meetings <i>Timeline:</i> March-May 2018	Accomplished	RA Prime Minister's Office/ARM-EITI Secretariat, MSG, Working Group
Activity 14.2. Circulation of the legislative package on BO disclosure, submission to the Government of the Republic of Armenia, then the RA National Assembly	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Legislative package on BO disclosure <i>Timeline:</i> May-October 2018	Ongoing	RA Prime Minister's Office/ARM-EITI Secretariat, MSG, Working Group
Activity 14.3. Discussions of the legislative package on BO disclosure with the stakeholders	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Meetings <i>Timeline:</i> April-October 2018	Ongoing	RA Prime Minister's Office/ARM-EITI Secretariat, MSG, Working Group
Activity 14.4. A study on the expediency of expanding the scope of the BO disclosure in the following years and development of the roadmap	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Reviewed BO roadmap <i>Timeline:</i> December 2018	Not accomplished The issue of expanding the scope of disclosure of beneficial owners was discussed in parallel with the drafting of legal acts and the results have been included in the draft regulations.	RA Prime Minister's Office/ARM-EITI Secretariat, MSG

DESCRIPTION OF THE COURSE OF IMPLEMENTATION OF THE OBJECTIVE

Activity 14.1, 14.2 and 14.3

In accordance with the international commitment of the RA established by the decision of the EITI International Board, the RA MSG of EITI Armenia approved, published and by 1 January 2018 submitted to the EITI International Board the Beneficial Ownership Disclosure Roadmap of metal mining companies of the RA. The Roadmap was presented at the meeting of the Anti-Corruption Council of the RA on 22 March, aiming to inform the Council about it and, later, to transform it into a government decree. Thereafter the Roadmap was established by the Protocol Decree of the RA Government N12 dated 29 March 2018 "On Approving the List of Activities Required for

Disclosure of Beneficial Owners of Metal Mining Companies of the RA¹⁸, and an Inter-agency Working Group was created by Decree 297-A of the RA Prime Minister, dated 27 March 2018¹⁹, to develop draft legal acts. Pursuant to the Decree, the legal formulation of the decisions discussed and passed by the Working Group should be ensured by the Ministry of Justice, while the Ministry of Energy Infrastructures and Natural Resources should, within a two-months period and in the specified manner, submit to the Government staff a package of draft legislative amendments developed by the Working Group, aimed at disclosure of beneficial owners of metal mining companies of the RA. The group comprises members of the respective MSG Working Groups and representatives from other agencies (the Central Bank and the Commission on Ethics of High-Ranking Officials), as well as industry experts²⁰.

The first meeting of the Inter-Agency Working Group took place on 30 March: the definitions of a “beneficial owner” and a “politically exposed person”, as well as a number of other issues were addressed.

During the reporting period, the Inter-Agency Working Group held a number of meetings. The representatives of the RA Ministry of Energy Infrastructures and Natural Resources and the RA Ministry of Justice drafted and amended the relevant draft laws: the law of the RA “On Making Amendments to the Mining Code of the Republic of Armenia”; the Law of the RA “On State Registration of Legal Entities, Separated Divisions of Legal Entities, Enterprises And Individual Entrepreneurs” and the Law of the RA “On Making an Amendment to the Law of the Republic of Armenia ‘On Public Service’ ”. The said draft laws were presented to the Working Group for discussion. After the discussion the package of laws was presented to the RA EITI MSG members. At the meeting of the RA EITI MSG on 31 July the MSG approved the package of the RA laws, which was subsequently circulated by the Ministry of Energy Infrastructures and Natural Resources among the RA government agencies for their comments and recommendations. The package of the laws was also posted on the e-draft.am portal²¹ to make it accessible for the public and to collect considerations from the public. The package of the laws had 318 views, no considerations were collected from the public, however, the overwhelming part voted for the draft laws. After receiving the opinions of government agencies and amending the drafts, the Ministry of Energy Infrastructures and Natural Resources submitted the package to the RA Prime Minister’s Office, for presenting it at the Government meeting. As a result of consideration of suggestions and comments received from the relevant departments of the Prime Minister’s Office, the Secretariat submitted the final revised versions to the pre-meeting for approval.

The draft laws of the RA were discussed and, with minor revisions, approved at the pre-meeting of the RA Prime Minister’s Staff and the Committee of Ministers, and were approved by the RA Government on 10 October²². The package of laws was submitted to the National Assembly according to the procedure considered urgent and discussed and approved by the Standing Committee on Economic Affairs of the National Assembly. The package of laws was included on the agenda of the regular sessions convened on November 13-16²³, however, it was not adopted due to the absence of a quorum during the vote at the sitting of the National Assembly, despite the fact that the voting results were positive: 51 MPs voted in favour, 0 opposed, and 1 abstained²⁴.

The representatives of the National Secretariat also participated in the work of the national program under development within Open Government Partnership (OGP) and submitted a recommendation related to incorporating a commitment to disclosure of beneficial ownership: as a result, it was included in the Fourth Action Plan of OGP initiative of the Government of the Republic of Armenia.

Objective:

Development and publication of the Beneficial Ownership Disclosure Roadmap reduced corruption risks; improved investment field and enhanced accountability.

¹⁸ <http://www.arlis.am/DocumentView.aspx?DocID=121254>

¹⁹ <http://www.arlis.am/DocumentView.aspx?DocID=120899>

²⁰ <https://www.eiti.am/en/msg-working-groups/>

²¹ <https://www.e-draft.am/projects/1048>

²² <https://www.primeminister.am/en/press-release/item/2018/10/10/Cabinet-meeting/>

²³ <http://parliament.am/agenda.php?AgendaID=505&day=13&month=11&year=2018&lang=#13.11.2018>

²⁴ <http://parliament.am/register.php?AgendaID=505&day=16&month=11&year=2018&lang=#16.11.2018>

Outcome:

During the reporting period an Inter-Agency Multi-Stakeholder Working Group (WG) was created for disclosure of beneficial ownership, meetings were held for the development of the legislative package, resulting in the drafting of the legislative package for the disclosure of beneficial ownership. Thereafter the latter was then circulated among and discussed with the stakeholders and submitted to the RA Government, then to the National Assembly, however, it was not adopted due to the absence of a quorum during the vote at the sitting of the National Assembly, thus, the adoption of the laws was postponed to next year, 2019.

Impact:

The new Government of Armenia has undertaken corruption prevention and effective anti-corruption combat. Based on this purpose, the creation of the Beneficial Ownership Disclosure Register of mining companies within the EITI was approved by the new Government, and the disclosure of beneficial owners of mining companies, the creation and maintenance of the Beneficial Ownership Disclosure Register were included in the RA Government’s 2019 Program²⁵. Upon the recommendation of a number of non-governmental organisations, the RA Government undertook to further expand the sector of the companies register in the Register and use it for in all spheres of its activities, in order to disclose the beneficial owners. The RA Government Decree N 1307 - L dated 15 November 2018²⁶ incorporated this in the “Fourth Action Plan of the Republic of Armenia under the Open Government Partnership Initiative” (2018-2020) as Activity 3 of the OGP transparency and accountability commitment.

Objective	Review of the legal framework of Armenia, disclosure of inconsistencies and gaps with EITI Standard		
Activity 16. Review of legislation, identification of gaps, submission of recommendations on addressing the gaps	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: Report, action plan Timeline: May 2018	Accomplished	MSG, RA Prime Minister’s Office/ARM-EITI Secretariat, AUA CRM, expert
Activity 17. Submission of the report and action plan to the MSG	Outcome/output and timeline	Implementation status	Responsible parties
	Timeline: May 2018	Accomplished	MSG, RA Prime Minister’s Office/ARM-EITI Secretariat, AUA CRM
Activity 18. Review and approval of report and action plan by the MSG	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: Report, action plan Timeline: June 2018	Accomplished	MSG
Activity 18.1. Study on possibility of project level reporting in the future EITI Reports, and the development of a roadmap for the project level reporting and the recommendations of the first EITI report	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: Study, roadmap Timeline: June - November 2018	Accomplished partially	MSG, RA Prime Minister’s Office/ARM-EITI Secretariat, Independent Administrator

²⁵ <https://www.gov.am/files/docs/3133.pdf>

²⁶ <https://www.arlis.am/DocumentView.aspx?DocID=126677>

Activity 18.2. Approval of the roadmap by the MSG	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Roadmap <i>Timeline:</i> December 2018	Not accomplished	MSG

DESCRIPTION OF THE COURSE OF IMPLEMENTATION OF THE OBJECTIVE

Activity 16. Legislative Review, identification of gaps, submission of recommendations on addressing the gaps

In accordance with the revised 2018 EITI Work Plan, the deadline for the legislative and Institutional Review was set for May 2018. Prior to that, the package of legislative amendments²⁷ drafted by the AUA CRM within the scope of compliance with the EITI was first approved by a Government Decree, a decision was made to discuss the package at the National Assembly according to the procedure considered urgent, afterwards it was discussed and adopted by the National Assembly. The adopted laws included: the RA law AL-191-N (ՂՕ-191-Ն) “On Making Amendments to the Mining Code of the Republic of Armenia” dated 21 March 2018²⁸, the RA Law AL-193-N (ՂՕ-193-Ն) “On Making an Amendment to the Tax Code of the Republic Of Armenia”²⁹ and the RA law AL-191-N (ՂՕ-191-Ն) “On Making Amendments to the Administrative Offences Code of the Republic of Armenia” dated 21 March 2018³⁰. The package not only establishes the compulsory requirement for metal mining entities and authorized government agencies to submit EITI Reports, but also the legal basis for disclosing contracts with mining companies and disclosing the amounts paid to communities, non-commercial legal and natural entities. During the reporting period the work on elaborating a RA Government Decree based on the above-mentioned laws proceeded.

Pursuant to the RA Law AL-191-N (ՂՕ-191-Ն) “On Making Amendments to the Administrative Offences Code of the Republic of Armenia” dated 21 March 2018, failure to submit the appropriate report by the legal entities which have the obligation to submit a public report within the established time period shall entail the imposition of a fine upon the official of the entity in the amount of one hundred and fifty times the minimum salary; failure to comply with the demand on submitting the report within ten working days of receiving the written demand from the authorized government body shall entail imposition of a fine in the amount of two hundred times the minimum salary; and failure to comply each successive time shall entail imposition of a fine in the amount of three hundred times the minimum salary.

Activity 17. Submission of the report and action plan to the MSG

Within the framework of the Project implemented through the funding of the British Embassy to Armenia, the draft EITI Legislative and Institutional Review was submitted by the AUA CRM on May 7th. The draft includes the preliminary roadmap on certain issues of responsible mining. The draft was circulated among the MSG members and sent by the EITI Secretariat to 15 agencies (ministries, regional administrations, the Central Bank and the Commission on Ethics of High-Ranking Officials) for an opinion. The recommendations and comments of the EITI Secretariat, the MSG and the agencies were provided to the AUA CRM, to amend the draft.

During the reporting period RA Government Decree N 666-N dated 8 June 2018 “On Establishing the Procedure, Time Frames and Templates for Publishing Information Regarding the Activities Related to Extraction of Minerals and Geological Exploration of the Mineral Resources for the Purpose of Extracting Minerals, the Procedure, Time Frames and Templates for Public Reporting on the Activities of the Mining Companies Holding a Permit for Metallic Mineral Extraction, and the List of Government Agencies” was adopted which specifically established the reporting templates based on the legal amendments³¹ within the harmonization with EITI, as well as

²⁷ <https://www.e-draft.am/projects/602>

²⁸ <http://www.arlis.am/DocumentView.aspx?DocID=120753>

²⁹ <http://www.arlis.am/DocumentView.aspx?DocID=120754>

³⁰ <http://www.arlis.am/DocumentView.aspx?DocID=120539>

³¹ <https://www.e-draft.am/projects/602>

established the procedures for reporting and the procedures for publishing general information on the contracts and permits. According to the procedure established by the Decree, metallic mineral extracting entities and government agencies submitted reports electronically by 1 August of the reporting year, on a voluntary basis for 2016 and mandatorily for 2017.

Activity 18. Review and approval of report and action plan by the MSG

The draft EITI Legislative and Institutional Review was submitted by the AUA CRM to the MSG members on 7 May for opinions, 23 May being the deadline. The recommendations and comments on the Draft EITI draft Legislative and Institutional Review were provided by the EITI Secretariat, the MSG and the stakeholder agencies to AUA CRM on June 25. The reason for failure to fulfil the activity in a timely manner was the late submission of the opinions by the agencies. Subsequently, the revised final version of the EITI draft Legislative and Institutional Review was presented, to some extent addressing the opinions provided by 15 agencies (ministries, regional administrations, the Central Bank and the Commission on Ethics of High-Ranking Officials), the MSG Secretariat and the MSG. At the MSG meeting the MSG agreed to approve the revised version of the Review.

Activity 18.1. A review on the possibilities for project level (per each permit for extraction) reporting of the financial streams in the future EITI reports; and development of a roadmap for implementation of the recommendations of EITI first report

Pursuant to the decision of the EITI International Board, Armenia's EITI Report covering the year 2018 (it will be prepared and published in 2019) should, to the extent possible, report the streams of taxes and payments in a disaggregated format, at project level rather than on company level. In order to ensure their localisation legally and institutionally, during the reporting period the Secretariat conducted a review of the EITI Guides and other documents which included recommendations. Discussions were held with the representative of the relevant agency (Ministry of Finance) to organise the work towards the fulfilment of the requirement more effectively. Then, the possibility of reporting the streams of taxes and payments at project level was considered at the MSG meeting. It was explained that there were a number of complications: pursuant to the RA sectoral legislation, it is impossible to report data at project level for a number of taxes and payments, and a number of expenses of the entities could not be attributed to any project or permit. It has been decided that in the reports approved for the 2018 Report, all the financial flows that are currently possible to report at the level of extraction permits, would be reported at same level. It was proposed to receive a concrete analysis and recommendations on the issue from the Independent Administrator in the report, which would serve as a basis for working discussions, in order to identify the additional future streams that could be reported at project level. The MSG decided to view the activities carried out by a mining right (permit) as a project.

According to the EITI Report, all companies operating in Armenia during the reporting period, with the exception of one, have one mining right (a permit to extract minerals on one mine site), and extraction is the main direction of operations. In view of this it can be stated that the data on the taxes and payments provided in the reports actually pertain to the activity implemented by one mining right / permit.

Objective:

Legislative Review; and disclosure of incompliances with the EITI and gaps; For the implementation of the EITI, matching the legal framework of the Republic of Armenia accordingly.

Outcome:

During the reporting period the following was accomplished: Legislative Review: disclosure of incompliances with the EITI and gaps; adoption of mandatory legislative requirements for submission of the EITI annual report and publication of information as required by the EITI Standard, as well as the package of laws and the RA Government Decree ensuring the publication of the metal ore extraction contracts.

Impact:

The work performed ensured the sustainability of the processes of systematic disclosure of information and provision of transparency in the metal mining sector.

Objective	Review of the best international practices and development of roadmap for harmonization with the EITI and best international experience regarding the responsible mining		
Activity 20. Development of roadmap for reviewing international experience	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Roadmap <i>Timeline:</i> May 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat, AUA CRM
Activity 21. Approval of the roadmap by the MSG	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Action plan, budget <i>Timeline:</i> May 2018	Implemented during the reporting period, with delay from the deadline set by the Work Plan (Because of the changes made to the composition of the EITI MSG, activities related to the development of the roadmap for harmonization with the EITI had been postponed.	MSG
Activity 22. Implementation of action plan	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Timeline:</i> December 2018	Ongoing	MSG, RA Prime Minister's Office/ARM-EITI Secretariat, RA government agencies
Activity 23. Involvement in development of the sector policy	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Involvement, provision of feedback <i>Timeline:</i> Ongoing	Ongoing	MSG, RA Prime Minister's Office/ARM-EITI Secretariat

DESCRIPTION OF THE COURSE OF IMPLEMENTATION OF THE OBJECTIVE

Activity 20. Development of a roadmap for reviewing the international experience

On January 26, on the initiative of Artur Grigoryan, a member (former member) of MSG's civil society constituency, a meeting with the Responsible Mining Working Group was held, as a result of which a rather detailed range of problems were outlined that needed to be elaborated and completed in the road map to be developed within the EITI Work Plan. There were varying approaches to some issues which were later discussed at the meetings with a broader representation of the MSG.

EITI Legislative and Institutional Review was submitted by the AUA CRM on 7 May 2018. Within the framework of the study, elements of compliance with the best international practices in responsible mining were considered. Particularly, specific reforms were discussed that can have a major impact on the formation of a responsible mining culture. The preliminary Roadmap for Responsible Mining was developed and, based on this Roadmap which is part of the Legislative and Institutional Review, the Responsible Mining Working Group³²

³² <https://www.eiti.am/en/msg-working-groups/>

(Annex 4) headed by Irina Ghaplanyan, MSG member, First Deputy Minister of Nature Protection Nature Protection, Ministry of Nature Protection performed work aimed at the development of the Roadmap for Implementation of the Responsible Mining Culture in the Republic of Armenia. The EITI Secretariat developed a template for recommendations related to the activities of the Roadmap for Implementation of the Responsible Mining Culture, which, along with the EITI Legislative and Institutional Review, was provided to the MSG members, the members of the MSG’s Responsible Mining Working Group, communities and stakeholders to submit recommendations. Based on these recommendations, the MSG’s Responsible Mining Working Group later developed the Roadmap for Implementation of Responsible Mining Practices³³.

As a result of the changes in the composition of the MSG, the works of the Working Group were implemented during the reporting period with delay from the deadline set by the Work Plan. As needed, the composition of the working group has also been changed.

Activity 21. Approval of the roadmap by the MSG

The preliminary Roadmap for certain responsible mining issues, presented within the framework of the EITI Legislative and Institutional Review by the AUA CRM was approved during the reporting period with delay from the deadline set by the Work Plan (see Activity 20). The meetings of the MSG’s Responsible Mining Working Group on 5 and 16 October resulted in the development of the Draft Roadmap for the implementation of Responsible Mining Practices. The Draft was discussed during the workshop in Tsaghkadzor on 2-3 November. The Roadmap³⁴ was approved by the MSG at the MSG meeting on 5 December.

Activity 22. Implementation of action plan

During the reporting period the work on Activity 1 of the Roadmap for Implementation of Responsible Mining Practices, i.e. elaboration of a concept paper “The Approach of the RA MSG of EITI Armenia to Responsible Mining in Armenia” started.

Activity 23. Involvement in development of the sector policy

On the Secretariat’s initiative the MSG was engaged in the activities being done under the World Bank funded Project “Strategy Development in the Mining Sector”. Namely, under the Project the respective ToRs (environmental and health impact assessment of the mining sector, economic analysis of Armenia’s subsoil reserves) were sent for the opinion of the MSG members, thereafter, based upon the received opinions, the drafts were amended.

Objective:

Review of the best international practices and development of a roadmap for harmonization with the EITI and the best international practices of responsible mining; and implementation of the best responsible mining practices

Outcome:

During the reporting period review of the best international practice was conducted, and a Roadmap for Compliance with the Best EITI International Mining Practice was developed, which will be implemented by the Working Group and the MSG over the years to come.

Impact:

In addition to the MSG members, stakeholder representatives were included in the composition of the EITI Working Group on Responsible Mining. During the meetings organised by the Working Group a number of issues regarding the actual provision of the responsible mining

³³ <https://www.eiti.am/en/other/>

³⁴ https://www.eiti.am/file_manager/EITI%20Documents/MSG%20Procedures/Responsible_Mining_Roadmap_ENG.pdf

practice in Armenia were brought on to the agenda: these issues are in the focus of attention of the public and will be considered by the Working Group and the MSG over the coming years. The implementation of this commitment is considered as exceeding the requirements of the EITI Standard: its proper implementation would lead to enhancing the perception by the public of the importance of implementation of the EITI in Armenia.

Objective	Ensuring Armenia's EITI candidacy status		
Activity 38. Collaboration with donors	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: Meetings with donors Timeline: Ongoing	Ongoing	RA Prime Minister's Office/ARM-EITI Secretariat
Activity 40. Establishment and operation of the Armenian EITI secretariat	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: Armenian EITI secretariat Timeline: Ongoing	Accomplished	RA Prime Minister's Office/ARM-EITI Secretariat
Activity 41. Preparation and approval of the RA EITI MSG annual report	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: Annual report of the RA EITI MSG Timeline: June 2018	Accomplished	RA Prime Minister's Office/ARM-EITI Secretariat
Activity 42. Preparation of monitoring reports on the RA EITI MSG activities, EITI implementation, action plan (quarterly, annual)	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: Reports Timeline: Quarterly	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 43. Collaboration with the EITI international secretariat and other EITI member countries	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: Correspondence, meetings, conference calls Timeline: Ongoing	Ongoing	RA Prime Minister's Office/ARM-EITI Secretariat, MSG
Activity 44. Participation in EITI Board meetings and conferences	Outcome/output and timeline	Implementation status	Responsible parties
	Timeline: Ongoing	Ongoing	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 45. Holding of the RA EITI MSG meetings	Outcome/output and timeline	Implementation status	Responsible parties
	Outcomes/outputs: RA EITI MSG meetings Timeline: Quarterly	Ongoing	RA Prime Minister's Office/ARM-EITI Secretariat, MSG
	Outcome/output and timeline	Implementation status	Responsible parties

Activity 46. Revision and approval of the EITI work plan	<i>Outcomes/outputs:</i> Revised EITI work plan <i>Timeline:</i> March 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 47. Creation of MSG working groups	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Timeline:</i> Ongoing	Ongoing	MSG
Activity 48. Development and approval of the 2019-2020 EITI work program	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> 2019-2020 EITI work program <i>Timeline:</i> October 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 49. Payment of EITI membership fee	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Timeline:</i> April 2018	Accomplished	RA Prime Minister's Office/ARM-EITI Secretariat
Activity 49.1. Strengthening the capacity of the MSG and stakeholder representatives	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> trainings, workshops <i>Timeline:</i> Ongoing	Ongoing	RA Prime Minister's Office/ARM-EITI Secretariat

DESCRIPTION OF THE COURSE OF IMPLEMENTATION OF THE OBJECTIVE

Activity 38. Cooperation with international partners

During the reporting period implementation of the activities of the EITI Work Plan continued with the support of international partners. The EITI Secretariat of the RA Prime Minister's Office had meetings with international partners, in particular with the representatives of the World Bank and the German International Cooperation (GIZ). The grant project and the potential areas for involvement of international organizations in the work aimed at the implementation of the EITI Work Plan were discussed, and necessary information was provided.

The World Bank grant application was approved. The expected activities include: financing the publication of the first and second reports of EITI Secretariat of Armenia and the preparation of the Scoping Study of the report; capacity building of the MSG and the National Secretariat of Armenia's EITI; and implementation of awareness-raising activities. Support will be provided for the development of the necessary draft legal amendments and the development of the software for the register of the beneficial owners. During the reporting period additional information was provided to the World Bank Yerevan and Washington offices on the final documents, to organise their discussions. As a result, the Grant Agreement was signed by the World Bank on 20 March 2018. Consequently, the World Bank grant project was launched in April 2018, after the consent of and signature by the relevant authorities of the RA Government. The project will be completed on 30 April 2020. During the reporting year the EITI National Secretariat met with Kirsten Hund, Senior Mining Specialist, the World Bank. During the meeting the course of implementation of EITI in Armenia within the framework of the World Bank "Armenia Extractive Industries Transparency Initiative Support" grant project was presented.

The representative of the EITI National Secretariat participated in a meeting at the World Bank Office on mining policy development, where issues of policy development, potential models and the international practices were discussed.

The development of the EITI Armenia website and the online reporting platform continued to be funded by the United Nations Development Program in Armenia.

In the context of support to EITI Armenia process, the EITI Secretariat held meetings with the representatives of GIZ Armenia Office. Within the framework of the Public Administration Reform and Modernisation in the Eastern Partnership” Project, the project “Support for the Global Extractive Industries Transparency Initiative (EITI) in Armenia, Georgia and Ukraine” by GIZ was approved. Representatives of the GIZ Armenia Office, headed by Mr. Jens Petersen-Thumser attended the MSG meeting on 5 December 5 and presented the EITI support project.

The EITI National Secretariat and members of MSG Civil Society constituency met with the representatives of the USAID-supported “Improvement of Transparency and Accountability in the Mining Sector & Promotion of EITI (ITAMSPE)” project implemented by “Transparency International Anti-corruption Center” NGO and AUA Center for Responsible Mining, to discuss the project scope and implementation schedule.

Activity 40. Establishment and operation of the EITI Secretariat of Armenia

In January 2018 EITI Secretariat of Armenia was founded under the RA Prime Minister’s Office. The maintenance costs and remuneration are paid from RA National Budget.

Activity 41. Preparation and approval of the RA EITI MSG annual report

The EITI Secretariat drafted the 2017 Annual Report of the RA EITI, based on the requirements set by the EITI International Secretariat. Prior to the drafting of the report, the Secretariat prepared a special questionnaire that was provided to the MSG constituencies to fill out the necessary information in advance, which enabled to make the initial drafting of the report more participatory and effective. The annual report includes a summary of the actions taken within the framework of implementation of EITI during the previous year, in 2017, the assessment of compliance with the EITI requirements, as well as an evaluation of the progress in achieving the goals set out in the Work Plan. All stakeholders were able to participate in the process of compiling the annual report and the review of impact of implementation of EITI. Specifically, civil society groups and mining companies involved in the EITI process, in addition to the members of the Multi-Stakeholder Group, provided opinions on the EITI implementation, which was reflected in the annual report. The annual report by the RA Ministry of Territorial Administration and Development was also provided electronically to the representatives of the interested sub-national government entities, which, however, did not provide any comments or suggestions.

The report was electronically approved by the MSG constituencies and was published³⁵ on 29 June 2018.

Activity 42. Preparation of monitoring reports on the RA EITI MSG activities, EITI implementation, action plan (quarterly, biannual, annual)

During the reporting period the EITI Secretariat developed the 2018 quarterly reports for the implementation of the EITI which were approved by the MSG and published on the website³⁶.

Activity 43. Collaboration with the EITI International Secretariat and other EITI member countries

During the reporting period officials of the RA Government Staff responsible for the EITI cooperated with the regional responsible officials of the EITI International Secretariat in order to obtain comments and advice related to the implementation of the EITI standard in Armenia and development of the EITI Report. Video calls were arranged, discussing the progress in implementation of EITI, as well as issues raised by the EITI International Secretariat regarding the implementation of an online reporting system, implementation of the Beneficial Ownership Disclosure Roadmap, the English translation of the annual report, and drafting and submission of the Report. Correspondence was maintained with the International Secretariat on the selection of the Independent Administrator, reporting forms, disclosure of beneficial owners, project-level reporting, detailed clarifications on the issues addressed in the request for extension letter, publication

³⁵ <https://www.eiti.am/en/Quarterly-annual-reports>

³⁶ <https://www.eiti.am/en/Quarterly-annual-reports/>

of the annual report and a number of other issues. In addition to the request for extension of the deadline of the publication of the EITI Report deadline, in May the MSG Chair's letter, as supplementary information for the decision making by the Board, was sent to the International Secretariat, stating the new grounds for the extension related to the changes in the composition of the Government. In order to share experiences in disclosure of beneficial owners, the National Coordinator of EITI Kazakhstan was contacted. The laws provided by the latter were passed on to the members of the relevant Inter-agency Group.

Additionally, draft financial reports and other draft reports developed by the EITI National Secretariat were submitted to the EITI International Secretariat.

On the initiative of EITI International Secretariat, National Coordinators Advisory Group was set up. The head of the EITI Secretariat participates in the work of the Advisory Group, which aims to ensure the contribution of the Member States in the EITI Standard review process.

Activity 44. Participation in EITI Board meetings and conferences

The EITI Board meeting organised by the EITI International Secretariat in Berlin between 27 and 30 June was attended, from Armenia, by Vardan Gevorgyan, member of the MSG representing the government constituency, Armen Stepanyan, member of the MSG representing the constituency of the extractive entities and Lilya Shushanyan, Head of the EITI Secretariat of Armenia. The expenses for the business trip of Lilya Shushanyan and Vardan Gevorgyan were funded by the World Bank grant project.

A decision was passed at the EITI Board meeting to satisfy Armenia's request and extend the reporting deadline for Armenia's 2018 National EITI Report to 9 March 2019. Specifically, the EITI Board decided:

“Armenia is eligible for an extension and the reporting deadline is extended to 9 March 2019. If the outstanding EITI Report is not published by 9 March 2019, Armenia will be suspended. The suspension will not be lifted until requirement 4.8 is met. If the suspension is in effect for more than one year the EITI Board will delist Armenia.”

The letter of Fredrik Reinfeldt, Chair of the EITI Board, on the Board decision is provided in *Annex 2*.

At the invitation of the EITI International Secretariat, Lilya Shushanyan, Head of the EITI Secretariat of Armenia and Mariam Galstyan, Head, Division for Anti-Corruption Policies, Department for Drafting Anti-Corruption and Penitentiary Policies, RA Ministry of Justice, participated in the workshop in Tbilisi, capital city of Georgia, on the topic of disclosure of beneficial owners, held on 18-19 July. Lilya Shushanyan presented the steps taken by Armenia at the round-table discussion on 18 July, and on July 19 Mariam Galstyan presented the revenue declaration system in Armenia. During the workshop issues related to specific provisions of the drafts under development were discussed, and the experience of partner countries was reviewed.

Activity 45. Holding of the RA EITI MSG meetings

During the reporting period EITI Armenia MSG held **three meetings**: the minutes were taken, approved and published on the website³⁷:

The first meeting took place on 27 March: the EITI Armenia MSG members approved the fourth quarter report of 2017³⁸ on the implementation of EITI, the performance of 2017 Work Plan³⁹, the reviewed EITI 2018 Work Plan⁴⁰, the Scoping Study for the first EITI Report, the ToR for the Independent Administrator for preparing the first EITI Report, and a number of decisions were made on the key issues established by the EITI Standard.

³⁷ <https://www.eiti.am/en/agenda-protocols-other-related-documents/>

³⁸ http://www.gov.am/u_files/file/ardyunaberakan-cragir/MSG_Quarterly_progress_report_October-December_2017.pdf

³⁹ https://www.eiti.am/file_manager/EITI%20Documents/EITI_Workplan_Armenia_eng_implementation_2017.pdf

⁴⁰ https://www.eiti.am/file_manager/EITI%20Documents/EITI_Workplan_Armenia_eng_2018_reviewed.pdf

No formal EITI Armenia MSG meetings were held during the second quarter due to changes in the composition of the RA Government and the MSG. On 8 June an MSG meeting took place which had a cognitive purpose. The event was moderated by Ararat Mirzoyan, First Deputy Prime Minister of the RA, as an EITI champion. During the meeting the ongoing work on the implementation of EITI in Armenia was presented, and issues regarding the revision of the MSG composition, as well other issues raised by the participants were discussed. As a result of changes in the government, the MSG constituencies nominated candidates for new members and for alternative members. The EITI Secretariat developed and circulated the Draft Decree “On Making Amendments to the Decree N 1104-A of the RA Prime Minister dated 24 November 2016”.

The second meeting took place on 31 July. Ararat Mirzoyan, First Deputy Prime Minister, Chair of the MSG, introduced the new members of the MSG: Irina Ghaplanyan, First Deputy Minister of Environmental Protection, Suren Qrmoyan, Deputy Minister of Justice (former member) and Arman Poghosyan, Deputy Minister of Finance, as an alternate member; the alternate members of the constituency of the extractive companies Aram Osikyan, General Manager, “ASMAT” LLC; Andranik Aghabalyan, Deputy General Manager, “GeoEconomics” CJSC; Davit Tadevosyan, Deputy General Manager, “Teghut” CJSC and Manvel Yeghiazaryan, Chief Accountant, “Meghradzor Gold” LL.C . The constituencies of the MSG elected the new members and alternate members by an independent procedure, in accordance with the EITI Standard and the requirements of the RA EITI MSG rules of procedure. At the meeting the MSG members were introduced to the auditing company to act as the Independent Auditor and prepare the first report of EITI Armenia. A number of issues related to the report development were discussed, and appropriate decisions were made.

The third meeting, chaired by Ararat Mirzoyan, acting First Deputy Prime Minister, took place on 5 December, during which the work done towards the implementation of the EITI was elucidated. The meeting was also attended by representatives of international partners of EITI and interested government agencies. During the first part of the event the work done and achievements made toward the implementation of the EITI Standard in Armenia in 2018 were introduced to the mass media representatives. At the MSG meeting the MSG approved Armenia’s 2018 national report, the third quarter report of 2018 on the implementation of EITI, the 2019-2020 national priorities for EITI Armenia, the 2019-2020 Work Plan and the EITI Armenia’s Roadmap for Implementation of Responsible Mining Practices.

Activity 46. Revision and approval of the EITI work plan

During the reporting period the EITI 2018 Revised Work Plan was developed which reflects the activities endorsed within the framework of cooperation with international partners, with revised deadlines. The 2018 revised Work Plan was approved during the MSG meeting on 27 March. The performance of EITI 2017 Work Plan was also developed and approved.

Activity 47. Creation of MSG working groups

During the reporting period, meetings of the Responsible Mining Working Group were held. See *Activity 20*.

Activity 48. Development and approval of the 2019-2020 EITI Work Plan

During the reporting period the National Secretariat of EITI Armenia elaborated and submitted to the MSG for consideration the 2019-2020 EITI Work Plan and the EITI draft national priorities. The drafts were also discussed during the workshop in Tsaghkadzor on 2-3 November. The 2019-2020 EITI Work Plan was submitted to the EITI International Secretariat, and the recommendations received were incorporated in the draft. The 2019-2020 EITI Work Plan and the EITI national priorities⁴¹ were approved by the MSG at the MSG meeting on 5 December.

Activity 49. Payment of EITI membership fee

During the reporting period the EITI annual membership fee (\$ 10,000 USD) was paid. The letter from Jonas Moberg, Executive Director of EITI, confirming receipt of the membership fee, is provided in *Annex 3*.

⁴¹ <https://www.eiti.am/en/eiti-work-plan/>

Activity 49.1. Capacity building for the representatives of the MSG and the interested agencies

During the reporting period, within the framework of the Project implemented through the funding of the British Embassy to Armenia Media Initiatives Centre NGO organised courses for the representatives of government agencies and communities (on April 26-27), as well as for journalists and civil society organisations (on May 16-17) (see Activity 9 for details).

Objective:

Ensuring Armenia's EITI candidature status; and implementation of the EITI Standard.

Outcome:

During the reporting year the activities established by the EITI Standard and the EITI Board towards ensuring Armenia's EITI candidature / membership status were carried out.

Impact:

The EITI implementation process has ensured the creation of an effective multi-stakeholder platform for the mining industry, with the equal and full participation of the Multi-Stakeholder Group members and stakeholders. Implementation of the requirements of the EITS Standard and the commitments exceeding the requirements of the EITS Standard ensured transparency in the metal mining industry, as well as accountability through systematic publication of data by the reporting agencies and companies.

Objective	Comprehensive report consistent with the EITI standard		
Activity 50. Scoping study of EITI report	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> scoping study <i>Timeline:</i> March 2018	Implemented during the reporting period, with delay from the deadline set by the Work Plan	MSG, RA Prime Minister's Office/ARM-EITI Secretariat, AUA CRM
Activity 51. Development of the ToR for the independent administrator	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Draft ToR for the independent administrator <i>Timeline:</i> March 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat, AUA CRM
Activity 52. Discussion and approval of the ToR for the independent administrator	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> ToR for the independent administrator <i>Timeline:</i> March 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
	Outcome/output and timeline	Implementation status	Responsible parties

Activity 53. Selection of the independent administrator (tender and approval) preparation of the EITI report of Armenia	<i>Outcomes/outputs:</i> Tender announcement for independent administrator, tender, contract awarded to the independent administrator <i>Timeline:</i> April - May 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 53.1. Preparation of the EITI report of Armenia	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> EITI report of Armenia <i>Timeline:</i> May - August 2018	Implemented during the reporting period, with delay from the deadline set by the Work Plan (The EITI Board has decided to extend the deadline of publication of the 2018 EITI report to 9 March, 2019)	MSG, RA Prime Minister's Office/ARM-EITI Secretariat, IA
Activity 54. Preparation and approval of the list of reporting government agencies and entities by the MSG, definition of materiality	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> List of reporting government agencies and entities <i>Timeline:</i> March 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 55. Development of the draft Government Decision on procedure of submission of EITI e-reports by the government agencies and extractive entities and reporting formats	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Reporting formats, draft Government Decision <i>Timeline:</i> January - April 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat, IA
Activity 55.1. Submission of the draft Government Decision to the Government	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Government Decision <i>Timeline:</i> May 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 56. Training for government agencies and extractive entities on presentation of reports for the EITI report purposes	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> Training <i>Timeline:</i> May - June 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat, RA government agencies, IA
Activity 58. Discussion and approval of the RA EITI report prepared by the independent administrator	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs:</i> RA EITI Report <i>Timeline:</i> July 2018	Accomplished	MSG, RA Prime Minister's Office/ARM-EITI Secretariat
Activity 59. Translation work	Outcome/output and timeline	Implementation status	Responsible parties

	<i>Timeline: Ongoing</i>	Ongoing	
Activity 60. Submission of the RA EITI Report to the EITI Secretariat and its publication	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs: RA EITI Report</i> <i>Timeline: December 2018</i>	Accomplished	RA Prime Minister's Office/ARM-EITI Secretariat, MSG
Activity 61. Review of considerations of the EITI Secretariat concerning the RA EITI Report and preparation of report on these considerations	Outcome/output and timeline	Implementation status	Responsible parties
	<i>Outcomes/outputs: Report</i> <i>Timeline: December 2018</i>	Accomplished	RA Prime Minister's Office/ARM-EITI Secretariat, MSG

DESCRIPTION OF THE COURSE OF IMPLEMENTATION OF THE OBJECTIVE

Activity 50. Scoping Study of EITI Report

Through the funding of the British Embassy to Armenia, AUA CRM carried out the preparation of the Scoping Study for the report. On 20 February 2018 the AUA CRM submitted the revised draft Scoping Study: it was sent to the MSG members for opinions and recommendations. Then, the edited version of the Scoping Study, incorporating the opinions and suggestions of the MSG, was introduced on 14 March 14 and circulated among the MSG members. The draft Scoping Study for the first EITI Report was approved at the MSG meeting on 27 March, however, the MSG members proposed to submit recommendations on the final draft of the Scoping Study by 3 April, to make some adjustments. On 17 April 2018 the AUA CRM submitted the final draft of the Scoping Study, incorporating some adjustments proposed by the MSG members. The Scoping Study for the development of the 2018 EITI Report was published on the EITI sub-page of the official website of the RA Government⁴².

Activity 51. Developing the ToR for the independent administrator

Activity 52. Discussion and approval of the draft ToR for the independent administrator

The project implemented in Armenia by the AUA CRM through the support of the British Embassy in Yerevan includes the development of the ToR for the Independent Administrator. The Draft ToR for the Independent Administrator was submitted by AUA CRM on 20 February 2018. It was localized based on the sample developed by the International Secretariat of the EITI. The ToR was finalized by the EITI National Secretariat and submitted to the MSG for consideration. The ToR for the Independent Administrator was approved at the MSG meeting on 27 March, and it was decided that one representative from each constituency of the MSG should be included in the Independent Administrator Selection Committee.

Activity 53. Selection of Independent Administrator (competition and approval)

By the MSG decision, one representative from each constituency of the MSG was included in the Independent Administrator Selection Committee (Davit Ananyan, Armen Stepanyan and Artur Grigoryan). "Ernst and Young" CJSC was recognised as the winner by the Selection and Evaluation Committee. Pursuant to the EITI Standard, the Multi-Stakeholder Group must approve the appointment of the Independent Administrator. The constituencies of the MSG electronically approved the appointment of the Independent Administrator, in accordance with the rules of procedure of the MSG.

Activity 53.1. Development of the EITI Report

⁴² <https://www.gov.am/en/armeniaeiti/>

It was voiced during the MSG meeting on 27 March that the time period planned for the development of the EITI Report was not sufficient for carrying out quality work and publishing an EITI Report in compliance with the EITI Standard and the requirements of the MSG. Considering that all the necessary steps had been taken to organize the fundamental work within a minimum period of time, the package of legislative amendments had been adopted, and relevant projects with the international partners had been confirmed, the MSG has decided to apply to the International Board of EITI with the request to extend the deadline for publication of the Report by 2.5 months, specifying the work carried out by the MSG and the RA Government to far, as well as the reasons hindering the timely publication of the Report and their substantiation. The extension requests for reporting are attached (Annex 1).

A decision was passed at the meeting of the International Board of EITI in Berlin between 27 and 30 June 2018 to satisfy Armenia's request and extend the reporting deadline for Armenia's 2018 National EITI Report to 9 March 2019. Pursuant to the decision of the EITI Board meeting on 9 March 2017, validation will commence within two and a half years of becoming a candidate (09.09.2019).

On 16 July 2018 a service contract was entered into with "Ernst & Young" CJSC, the company which prepared the 2018 report of EITI Armenia (Independent Administrator).

Combined meetings and discussions were held with the reporting agencies of the EITI Report, i.e. the State Revenue Committee of the Republic of Armenia, the RA Ministry of Nature Protection, the RA Ministry of Territorial Administration and Development and the mining companies on the procedure for public reporting in accordance with the RA Government Decree N 666-N dated 8 June 2018 and the use of the electronic reporting system.

On 11 August 2018 the Independent Administrator provided the Draft Inception Report of the EITI Armenia report. The observations the MSG, the EITI International Secretariat and the National Secretariat were presented to the Independent Administrator. The Independent Administrator provided the final version of the Inception Report on September 11. It was accepted by the RA Prime Minister's Staff.

On August 23 2018 the Independent Administrator presented the preliminary draft contextual report for the EITI Armenia report. In order to ensure a coordinated process of drafting, responsible parties were appointed in the relevant government agencies on the initiative of the EITI National Secretariat, to cooperate with the Independent Administrator for the development of the contextual report and provision of information. The observations of the MSG and the EITI National Secretariat on the preliminary contextual report were presented to the Independent Administrator.

During the reporting period the 27 mining companies, the Ministry of Nature Protection, the State Revenue Committee and the communities, through the Ministry of Territorial Administration and Development, submitted the public reports for 2016 and 2017 through the electronic system. In line with the procedure established by RA Government Decree N 666-N dated 8 June 2018, the Independent Administrator received and accepted the public reports from the government agencies and mining companies and prepared the annual progress report: reconciled the financial data and, in accordance with the requirements of the EITI Standard, developed contextual information on the sector.

As submission of EITI Reports by the companies for 2016 was on a voluntary basis, only 22 out of 27 extractive companies in Armenia holding a mining permit submitted reports. In 2017 reports were submitted by 26 out of 27 reporting extracting companies participating in the Extractive Industries Transparency Initiative. However, the one company which had not reported does not exceed the materiality threshold, is not subject to reconciliation and has had no influence on the impact on the reconciliation process.

In accordance with the decision of the MSG of EITI Armenia, the companies which had in the reporting fiscal year paid to the RA national budget taxes and payments equivalent to or exceeding AMD 150 million (except for the amounts, customs fees and customs duties paid to the Ministry of Nature Protection), had been subject to reconciliation. The Independent Administrator reconciled the financial data presented in public reports by 11 companies in 2017 and 9 companies in 2016. The first draft EITI Report was presented in October. The draft was reviewed by the EITI National Secretariat and submitted to the MSG. As assigned by the RA Prime Minister, the draft was also submitted to the RA Ministry of Energy Infrastructures and Natural Resources, the RA Ministry of Territorial Administration and Development, the RA Ministry of Health, the RA Ministry of Justice, the RA Ministry of Economic Development and Investments, the RA Ministry of Emergency Situations, the State Revenue Committee, the Inspectorate for Nature Protection and Mineral Resources, the

Health Inspectorate, the Statistical Committee, to submit considerations, as well as opinions and recommendations to the communities that have submitted public reports. The English-language draft report was provided to the EITI International Secretariat, which provided considerations on issues related to adhering to all the requirements of the EITI Standard, as well as recommendations related to the contextual and structural development of the report. All the comments and suggestions received were provided to the Independent Administrator and discussed with the representatives of the EITI, concerned government agencies and other organisations at the workshop held in Tsaghkadzor on November 2-3, 2018. The EITI National Secretariat continued its day-to-day work with the Independent Administrator and representatives of government agencies which possessed information, to address all the suggestions and comments contained in the draft report. The final draft report was submitted in November and presented to the MSG and the EITI International Secretariat.

During the RA EITI MSG meeting on 5 December the Independent Administrator presented the final version of Armenia's report. The MSG decided to accept the RA EITI National Report on condition that over December the Independent Administrator continues to work towards eliminating the concerns voiced at the MSG meeting and continues the editing and designing of the report and preparation of the report abstract.

The Multi-Stakeholder Group decided that the first report of EITI Armenia should be presented to the public at the conference on 30 January 2019 which is expected to be attended by representatives of the EITI International Secretariat and multi-stakeholder groups of EITI member countries, as well as representatives of all industry stakeholders in Armenia.

Activity 54. Preparation and approval of the list of reporting government agencies and entities by the MSG, definition of materiality

During the MST meeting held on March 27 it was decided that 28 mining companies holding a permit for metallic mineral extraction and three government agencies (the State Revenue Committee, the RA Ministry of Nature Protection and the communities) would become reporting for the RA EITI first report. Their data would be entered into the reports.eiti.am system through the RA Ministry of Territorial Administration and Development. Based on the analysis performed by the EITI National Secretariat, it was proposed during the same meeting to consider as material and reconcile the revenue flows whose equity stake in the total revenue flows from the extractive industries comprises 1% and more. In accordance with the decision of the MSG, the companies which had in the reporting fiscal year paid to the RA national budget taxes and payments equivalent to or exceeding AMD 150 million (except for the amounts, customs fees and customs duties paid to the Ministry of Nature Protection), shall be subject to reconciliation. During the meeting a number of other decisions were made regarding the scope of the report and the requirements of the EITI Standard.

Activity 55. Development and approval by the MSG of a Draft RA Government Decree on the format, procedure and time frames for submission of reports by government agencies and extractive entities for the EITI Report

During the reporting period the EITI National Secretariat developed a draft template for reports to be submitted by government agencies and extractive companies for the EITI Report. During the drafting process a number of discussions were held with the stakeholders. In particular, on 23 February and 2 March, discussions were held with officials from extractive companies. As a result of the meetings, a draft RA Government Decree was developed, which was circulated in order to receive the opinions of all interested government agencies. The draft template for reports to be submitted by government agencies and extractive companies for the EITI Report, developed by the EITI National Secretariat, was electronically approved by the MSG constituencies in accordance with the procedure established by the rules of procedure of the MSG.

Activity 55.1. Presentation of a RA Governmental Decree at the RA Government Meeting

During the reporting period the RA Government Decree N 666-N "On Establishing the Procedure, Time Frames and Templates for Publishing Information Regarding the Activities Related to Extraction of Minerals and Geological Exploration of the Mineral Resources for the Purpose of Extracting Minerals, the Procedure, Time Frames and Templates for Public Reporting on the Activities of the Mining

Companies Holding a Permit for Metallic Mineral Extraction, and the List of Government Agencies” dated 8 June 2018 was submitted to the Government and approved.

ACTIVITY 56. Training for government agencies and extractive entities on presentation of reports for the EITI Report purposes

The Independent Administrator had a number of meetings with the RA EITI Secretariat, clarifying issues related to the development of the Report of EITI Armenia and the scope of information to be contained therein as approved by the MSG and set out by the Terms of Reference of the Independent Administrator, the procedure for reporting by the extractive companies and government agencies and the reporting content. On 10 July a combined meeting and training was held with the participation of the representatives of extractive companies and government agencies reporting for the first report of EITI Armenia: the participants were trained on the procedure for completing and submitting public reports.

Activity 59. Translation work

During the reporting period the EITI National Secretariat prepared the Terms of Reference for procuring consulting services for the provision of translation services and submitted it to the “Foreign Financing Projects Management Centre” State Institution of the Ministry of Finance of the Republic of Armenia for the purpose of hiring a translator within the framework of the World Bank grant project. During the reporting period a contract was entered into with the translator within the framework of the World Bank grant project for the provision of translation services. Materials for the EITI official website and other documents related to the implementation of EITI were translated. The works were accepted by the RA Prime Minister’s Staff.

Objective:

Comprehensive report consistent with the EITI Standard: submission of a report as defined by the EITS Standard; and publication of complete sector information

Outcome:

During the reporting period Terms of Reference were developed based on the Scoping Study conducted for the purpose of designing the EITI Report. A competition was held; the selected Independent Administrator drafted the First Draft National Report which was approved by the MSG. The publication deadline was extended by the contract with the Independent Administrator for 10 February 2019. An online reporting system was created which published the reports established by the EITI Standard. Thus, it can be stated that the activities planned for 2018 for the implementation of the objective “Comprehensive report consistent with the EITI standard” were accomplished.

Impact:

Availability of comprehensive and complete open data in compliance with the requirements of the EITS Standard. Systematic disclosure of data through the EITI Report and online tools and platforms has ensured the financial, institutional and legal transparency of the sector.

3. Appraisal of Performance of the EITI Requirements

Requirements	Progress
1.1. Government engagement	In 2018 the Government of the Republic of Armenia continued to be fully, actively and effectively engaged in the EITI process.

The new Government formed in the aftermath of the revolution in the Republic of Armenia in spring 2018 also attached importance to the implementation of the EITI Standard in Armenia, specifically in terms of fighting corruption, and committed to continue the systematic institutional and legal reforms. In 2018, laws were adopted to ensure the systematic disclosure of data required for the development of the First National EITI Report and meeting the requirements of the EITI Standard. Submission of EITI annual reports by mining companies and government agencies was set as a mandatory requirement.

During the reporting year laws were drafted which would ensure the disclosure of beneficial ownership and the development of the Public Register. Changes were made to the composition of the EITI MSG. The Decree of the RA Prime Minister dated 16 July 2018⁴³ approved EITI Armenia MSG's new composition and appointed Ararat Mirzoyan, First Deputy Prime Minister, Chairperson.

Members of the Government constituency actively participated in the meetings of the MSG and the meetings of the MSG Working Groups alike. Representatives from interested government agencies and industry experts who are not MSG members also participated in the sittings and meetings.

During the reporting period the EITI National Secretariat developed a draft template for reports to be submitted by government agencies and extractive companies for the EITI Report. During the drafting process a number of discussions were held with the stakeholders. As a result of the meetings, a draft RA Government Decree was developed, which was circulated in order to receive the opinions of all interested government agencies, thereafter it was approved by the MSG members after obtaining the opinions of the government agencies and agreed upon with the Independent Administrator that was preparing the Report.

An Inter-Agency Working Group on Beneficial Ownership Disclosure was created by Decision 297-A of the RA Prime Minister, dated 27 March comprising members of three MSG constituencies and representatives of government authorized bodies. The Group was led by Vardan Gevorgyan, Deputy Minister of Energy Infrastructure and Natural Resources, member of EITI MSG. During the reporting period, the Inter-Agency Working Group held a number of meetings. The representatives of the Ministry of Energy Infrastructure and Natural Resources and the Ministry of Justice drafted the package of laws regulating the legal issues

⁴³ <https://www.e-gov.am/decrees/item/18988/>

	<p>related to disclosure of the beneficial owners of the companies operating in the metal mining sector of Armenia.</p> <p>The representatives of the National Secretariat also participated in the work of the Action Plan under development within Open Government Partnership (OGP) and submitted a recommendation related to incorporating a commitment to disclosure of beneficial ownership: as a result, it was included in the OGP Armenia 4th Action Plan.</p> <p>Guided by the EITI principles, the EITI Armenia Multi-Stakeholder Group planned to support the implementation of the responsible mining practice (hereinafter referred to as RM) practice in the Republic of Armenia as a crucial component of the country’s sustainable development. To this end, the MSG’s Responsible Mining Working Group was created comprising representatives of the three MSG constituencies and stakeholders, headed by Irina Ghaplanyan, member of the MSG, First Deputy Minister of Nature Protection. The group organised a series of combined meetings and discussions on the development of the Roadmap for Implementation of Responsible Mining Practices in the Republic of Armenia.</p> <p>During the reporting period the EITI annual membership fee, as well as, to ensure the work of the EITI National Secretariat, the costs of salaries of the EITI Armenia staff were paid from the RA National Budget. The World Bank's Assistance Grant Program for EITI Armenia was co-funded by the RA National Budget.</p>
<p>1.2 Company engagement</p>	<p>During the reporting period the members of the mining industry constituency were actively and effectively involved in the EITI implementation process: they participated in meetings of the MSG⁴⁴ and the meetings of the MSG Working Groups and provided opinions and recommendations on draft documents developed during the reporting period. Alternate members were engaged in the constituency as well⁴⁵. Meetings were held within a wider frame of the constituency, in particular with the members of the Union of Miners and Metallurgists of Armenia, to discuss the issues related to the EITI implementation in Armenia in a broader circle, as well as with the officials of all metal</p>

⁴⁴ https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_27_03_2018_eng.pdf
https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_31_07_2018_eng.pdf
https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_05_12_2018_EN.pdf

⁴⁵ https://www.e-gov.am/u_files/file/decrees/varch/2018/07/960v_voroshum.pdf

	mining companies and the mining companies reporting to the EITI, to discuss the EITI accountability requirements ⁴⁶ .
1.3 Civil society engagement	During the reporting period the members of the civil society constituency were actively and effectively involved in the EITI implementation process: they participated in meetings of the MSG ⁴⁷ and the meetings of the MSG Working Groups, providing opinions and recommendations on draft documents developed during the reporting period. Such meetings were attended by other stakeholders who are not MSG members. The representatives of the civil society constituency and the stakeholders communicated and cooperated with each other; they also held separate combined meetings and discussions on issues related to the EITI implementation, participated in public discussions and freely expressed their views on EITI. ⁴⁸ Large civil society groups and the media participated in the trainings in the reporting year on the topic of the EITI.
1.4 Multi-stakeholder group	During the reporting period, the representation and involvement of all three MSG constituencies in the EITI process was properly ensured. During the reporting period, due to the change of the RA Government, the composition of the MSG changed, and new alternative members were included in the MSG composition ⁴⁹ . All discussions and decisions made by the MSG towards the implementation of the EITI are clearly stated in the MSG meeting minutes which are published on the official website of the MSG ⁵⁰ . The MSG electronically approved and published the 2017 EITI Annual Report ⁵¹ ; the Terms of Reference for the Independent Administrator ⁵² for the preparation of the EITI Report and the appointment of the Independent Administrator were approved during the MSG meetings. The Selection Committee consisted of the members of the three MSG constituencies. The MSG approved the EITI 2019-2020 national priorities, the EITI 2019-2020 Work Plan, the 2017

⁴⁶ See EITI Annual Report 2018, Chapter 7: “Questionnaires Completed by the Civil Society And Extractive Companies Constituencies of the RA EITI MSG”.

⁴⁷ https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_27_03_2018_eng.pdf
https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_31_07_2018_eng.pdf
https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_05_12_2018_EN.pdf

⁴⁸ See EITI Annual Report 2018, Chapter 7: “Questionnaires Completed by the Civil Society And Extractive Companies Constituencies of the RA EITI MSG”.

⁴⁹ <https://www.e-gov.am/decrees/item/18988/>

⁵⁰ <https://www.eiti.am/en/agenda-protocols-other-related-documents/>

⁵¹ <https://www.eiti.am/en/Quarterly-annual-reports>

⁵² https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_27_03_2018_eng.pdf

	<p>Work Plan performance and the EITI First National Report⁵³. The MSG supervised the process of development and submission of the EITI Report. During the sittings the issues raised by the MSG members outside the agenda were discussed as well.</p> <p>Prior to the discussions and adoption of the documents during the sessions, they were circulated among the MSG members, to collect their observations for discussion. The MSG passed a number of decisions electronically, as prescribed by the MSG working procedure.</p> <p>The EITI National Secretariat administered the EITI implementation process, ensured proper document flow, held meetings of the MSG and provided equal support to the three MSG constituencies with the implementation of the activities of the EITI Work Plan, and collaborated with all stakeholders and international partners.</p>
1.5 Work plan	<p>During the reporting period the EITI 2019-2020 Work Plan⁵⁴ was compiled, which in entirety contained the cost estimate and reflected EITI's 2019-2020 national priorities⁵⁵ and the 2017 Work Plan performance⁵⁶, and was approved by the MSG⁵⁷.</p>
2.1. Legal framework and fiscal regime	<p>The Independent Administrator that prepared the first EITI national report, examined the Legislative and Institutional Review and, in Chapter 3 of the report, described in detail the legislation governing the mining sector in Armenia and the fiscal regime: mining fees, taxes, customs fees, lease payments and other payments to sub-national government entities, and state duties. The legal framework and the gaps in the laws governing the fiscal regime were also presented.</p> <p>(RA EITI 2018 Report, pp. 87-139)</p>
2.2 and 2.3. Permitting and Permits Register	<p>Within the scope of compliance with the EITI, in 2018 legal amendments were made. Pursuant to the requirement of the RA law AL-191-N (ՅՕ-191-Ն) “On Making Amendments to the Mining Code of the Republic of Armenia” dated 21 March 2018, in 2018 the RA Ministry of Energy Infrastructures and Natural Resources published on their official website the following information regarding the activities related to extraction of minerals and mining exploration of the mineral resources for the purpose of extracting minerals:</p>

⁵³ https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_05_12_2018_EN.pdf

⁵⁴ https://www.eiti.am/file_manager/EITI%20Documents/EITI%20Work%20Plan%20and%20NPs/EITI_Workplan_Armenia_2019-2020_eng.pdf

⁵⁵ https://www.eiti.am/file_manager/EITI%20Documents/EITI%20Work%20Plan%20and%20NPs/EITI_National_Priorities_2019-2020_eng.pdf

⁵⁶ https://www.eiti.am/file_manager/EITI%20Documents/EITI_Workplan_Armenia_eng_implementation_2017.pdf

⁵⁷ https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_05_12_2018_EN.pdf

	<ul style="list-style-type: none"> • the name of the business entity which has been granted a permit; • the year, month and date of the application filed for obtaining the permit; • the sequential number, year, month, date of issue and term of the permit; • in the event of permit extension, the number, year, month, date of issue of the respective document and the term of extension of validity of the permit; • the coordinates of the endpoints and total area of the mining area; • the name of the mine site; and • the name of the mineral. <p>In the 2018 EITI Report the Independent Administrator reviewed the published information by checking its compliance with the requirements of the EITI Standard.</p> <p>(RA EITI 2018 Report, pp. 140-151)</p>
<p>2.4. Contracts</p>	<ul style="list-style-type: none"> • Within the scope of compliance with the EITI, pursuant to the RA law AL-191-N (ՅՕ-191-Ն) “On Making Amendments to the Mining Code of the Republic of Armenia” dated 21 March 2018, in 2018 the RA Ministry of Energy Infrastructures and Natural Resources published on their official website the mining contracts entered into with the metallic mineral extractive entities and the changes made thereto, excluding the publication of information (data) not subject to publication. Additionally, the following information is also posted on the Ministry’s website. Any change in the mining contract must also be published. <p>(RA EITI 2018 Report, pp. 152-169)</p>
<p>2.5. Beneficial ownership</p>	<p>In January 2018 EITI Armenia published the Beneficial Ownership Disclosure Roadmap, based on which the Inter-Agency Working Group on Beneficial Ownership Disclosure established the definition of the concept “beneficial owner”. The definition was approved by the EITI Multi-Stakeholder Group. The following laws were drafted and, on 10 October 2018, approved by the RA Government, to ensure disclosure of beneficial ownership: the Law of the RA “On Making Amendments to the Mining Code of the Republic of Armenia”; the Law of the RA “On State Registration of Legal Entities, Separated Divisions of Legal Entities, Enterprises And Individual Entrepreneurs” and the Law of the RA “On Making an Amendment to the Law of the Republic of Armenia “On Public Service”⁵⁸. The package of laws was submitted to the National Assembly according to the procedure considered urgent and discussed and</p>

⁵⁸ <https://www.primeminister.am/en/press-release/item/2018/10/10/Cabinet-meeting/>

	<p>approved by the Standing Committee on Economic Affairs of the National Assembly. The package of laws was included on the agenda of the regular sessions convened on November 13-16 59, however, it was not adopted due to the absence of a quorum during the vote at the sitting of the National Assembly, despite the fact that the voting results were positive: 51 MPs voted in favour, 0 opposed, and 1 abstained⁶⁰. For this reason, the submission of the package of draft laws was postponed to 2019.</p> <p>(RA EITI 2018 Report, pp. 170-176)</p>
3.1. Exploration	<p>In line with the MSG decision, the EITI Report provided 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. Additionally, information was provided on the stages of exploration works, the regions where such works are carried out, the extent of geological works, geological surveys by the sphere and work phases, as well as the description of important geological survey projects during the reporting period.</p> <p>(RA EITI 2018 Report, pp. 61-63 and 76-78)</p>
3.2. Production	<p>The EITI Report provides data on the production of the reporting companies (volume and value) by the product, as well as information on the sales of the produce in the domestic market.</p> <p>(RA EITI 2018 Report, pp. 50-60)</p>
3.3. Export	<p>The EITI Report includes data on exports by the product, specifically the export volumes and sales values, as well as information on the countries the produce is exported to.</p> <p>(RA EITI 2018 Report, pp. 63-75)</p>
4.1. Comprehensive disclosure of taxes and revenues	<p>The following financial flows were presented in the EITI Report bilaterally and without the thresholds:</p> <ol style="list-style-type: none"> 1. profit tax 2. Income tax 3. Value-added tax 4. Excise tax 5. Royalty 6. Environmental fees (tax) 7. Natural resources usage fees 8. Monitoring fees 9. Customs duties and customs tariffs

⁵⁹ <http://parliament.am/agenda.php?AgendaID=505&day=13&month=11&year=2018&lang=#13.11.2018>

⁶⁰ <http://parliament.am/register.php?AgendaID=505&day=16&month=11&year=2018&lang=#16.11.2018>

	<ol style="list-style-type: none"> 10. State duty for issuance of a permit for use (operation) of each mine of non-ferrous, ferrous and rare metals 11. State duty for issuance of a water use permit 12. Refilling the funds for environmental protection 13. Allocations from the environmental protection fund to the company 14. Fees for environmental impact assessment (EIA) and expert examination 15. Land tax 16. Property tax 17. Rent paid to the sub-national government entity (community) 18. Penalties (including local ones) 19. Fines (including local ones) 20. Financial and non-financial obligations related to the socio-economic development of the communities, specified by the mining contract. <p>The Report provides data on charitable contributions by the companies to the communities, obligation for social and economic investments, donations and endowments or permanent alienations done in a different manner to non-commercial legal entities (by the entity), as well as on donations, endowments or permanent alienations done in a different manner to natural entities.</p> <p>(RA EITI 2018 Report, pp. 188-206)</p>
<p>2.6. Participation of the state 4.2. Sales of the state's extraction entitlement or other revenues collected in-kind 4.5. Transactions related to state-owned enterprises 6.2. Quasi-fiscal expenditures</p>	<p>Pursuant to the decision of the MSG, the payments made to and received from state-owned enterprises, the quasi-fiscal expenditures, the dividend, the bonuses, the sales of the state's extraction entitlement or other revenues collected in-kind within the framework of the RA EITI Report are non-applicable financial flows. In the case of Armenia the requirements of the EITI Standard related to the presence of state-owned enterprises are not applicable.</p>
<p>4.3. Supplies for the infrastructure and arrangements for barter</p>	<p>During the MSG meeting on 27 March 2018 the MSG decided that within the framework of the RA EITI Report the flows related to infrastructure and barter are not applicable.⁶¹</p>

⁶¹ https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_27_03_2018_eng.pdf

<p>4.4. Transportation revenues</p>	<p>During the MSG meeting on 27 March 2018 the MSG has decided that within the framework of the RA EITI Report the transportation revenues are not applicable.⁶²</p>
<p>4.6. Sub-national transfers</p>	<p>Pursuant to the decision of the MSG, the taxes and payments in the <i>EITI</i> Report were included without thresholds and the following financial flows related to the sub-national government entities were presented bilaterally:</p> <ul style="list-style-type: none"> • <i>Land tax</i> • <i>Property tax</i> • <i>Rent paid to the sub-national government entity (community)</i> • <i>Penalties (including local ones)</i> • <i>Fines (including local ones)</i> • <i>Financial and non-financial obligations related to the socio-economic development of the communities, specified by the mining contract.</i> <p>(RA EITI 2018 Report, pp. 188-206)</p>
<p>4.7. Level of disaggregation</p>	<p>Pursuant to the decision of the MSG, the data of the EIT report were presented by the companies (tax payers). In view of the existing tax legislation, currently not all of the financial flows are possible to report at project level. The payments which are directly related to one permit for operation in the mining sector, for example, the duties and the payments to the RA Ministry of Nature Protection, have been reflected the project-level data. Considering that all the mining companies in Armenia except for one have the right to exploit one mine site, and the main activity of all legal entities, except for one, is extraction, the financial flows for 2016-2017 mainly and actually present project-based data.</p>
<p>4.8. Updating the data</p>	<p>The first EITI Report of Armenia published in 2018 covered the data for 2016-2017 financial years.</p>
<p>5.1 Revenue distribution 5.2 Sub-national transfers 5.3 Revenue management and expenditures</p>	<p>The 2018 EITI Report presented data on 2016-2017 special projects or the revenues planned for geographic areas, and described the RA auditing and leveling processes and the national budget.</p> <p>(RA EITI 2018 Report, pp. 27-46 and 177-187)</p>
<p>6.1. Social expenditure by the entities</p>	<p>In accordance with the decision of the MSG, the companies will unilaterally present information about the following financial flows:</p>

⁶² https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_27_03_2018_eng.pdf

	<ul style="list-style-type: none"> • donations and endowments or permanent alienations done in a different manner (by the entity) to sub-national government entities and non-commercial corporate entities; • donations, endowments or permanent alienations done in a different manner to natural entities (in the case of natural entities the total number of the natural entities and the total amount paid will be presented); and • information was provided bilaterally on the obligatory payments related to the socioeconomic development of the communities stipulated by the mining contract. <p>(RA EITI 2018 Report, pp. 155-169 and 245)</p>
<p>6.3. Brief description of the share of the extractive sector in the economy</p>	<p>The 2018 report of EITI Armenia presented information on the share of the mining sector in Armenia’s economy, the total amount of revenues from the extractive industries (state and community budgets) and employment in 2016-2017.</p> <p>(RA EITI 2018 Report, pp. 19-26)</p>
<p>7.1 Public debate. 7.2 Data accessibility.</p>	<p>The first EITI National Report of Armenia leads to the fulfillment of the EITI Standard requirements, promoting a wider public dialogue. The data of the EITI First Report developed in 2018 is comprehensive and reliable and are provided with links to relevant sources. The Report also summarizes and compares each revenue stream from the sector, its share in the total amount of government revenues accumulated on the appropriate level. The report and the report abstract were prepared in Armenian and English. They are available in hard copies and on the EITI official website⁶³. The reports were submitted by mining companies and government agencies through an innovative tool, the online reporting system. All data collected are also available on the official EITI web site and the online reporting platform⁶⁴ in several formats and enable the online use and comparison on an ongoing basis of extraction revenues and payments/transfers by the Government and companies. The information presented in the report on the contracts and permits is also available online. The Authorized Body published on their official website the mining contracts entered into with the metallic mineral extractive entities and the changes made thereto⁶⁵, as well as the permits register, which includes complete information regarding the activities related to</p>

⁶³ <https://www.eiti.am/en/annual-reports/2018/>

⁶⁴ <https://reports.eiti.am/hy/>

⁶⁵ <http://www.minenergy.am/page/571>

	<p>extraction of minerals and geological exploration of the mineral resources for the purpose of extracting minerals⁶⁶. The Register data are updated every quarter.</p> <p>In accordance with EITI Standard Requirement 7.2 (c), the RA Government has, within the framework of EITI implementation in Armenia, established reporting on an annual basis, as well as publication of contracts and up-to-date mining register data. This is an integral part of the EITI process in Armenia because the data published in the report is regularly published online and made available, ensuring transparency and accountability, prior inclusion of such data into the EITI annual report.</p> <p>The EITI report data are accessible online in open data format.</p> <p>The report makes a reference to government revenue classification systems and international standards.</p>
<p>7.3 Discrepancies and recommendations from EITI Reports.</p>	<p>The first report of EITI Armenia was published in December 2018. Discussion of discrepancies and recommendations found in the EITI report and undertaking of further steps are planned for the 2019 Work Plan.</p>
<p>7.4 Review the outcomes and impact of EITI implementation</p>	<p>During the reporting period the EITI 2017 Annual Report was elaborated, providing a detailed description of implementation of the activities established by the EITI Work Plan during the reporting year; the EITI requirements performance assessment; the strengths and weaknesses identified in the EITI process during the reporting year; the actual implementation costs and sources of funding of the Work Plan; and the evaluation of MSG’s participation in the works. The EITI Annual Report was provided to the MSG members for their opinions, as well as for dissemination among the respective broader constituencies and obtaining multi-lateral opinions from them on the work accomplished during the reporting year. The EITI Annual Report was approved by the MSG electronically and published on the EITI website⁶⁷.</p> <p>The studies, documents and draft legal acts developed within the framework of the EITI Implementation were provided by the RA EITI Secretariat to the permanent and alternate members of the MSG, as well as to professionals and experts involved in the work of governmental and non-governmental organizations interested in the field, thus ensuring</p>

⁶⁶ <http://www.minenergy.am/page/569>

⁶⁷ <https://www.eiti.am/en/Quarterly-annual-reports>

the active participation and broader engagement of the participants in the process.

As a result of adoption of laws which would ensure the accountability of the EITI, a number of previously unpublished data were made available to the public prior to the development of the first EITI report, specifically, since the second quarter of 2018, the mining contracts and the permits register have been available online.

4. The Strengths and Weaknesses Identified During the EITI Implementation Process

The strengths identified in the course of implementation of EITI in Armenia are as follows:

- Initiating respective legislative amendments for more effective implementation of EITI in Armenia which prepared legal bases for the development of the first EITI Report. Pursuant to the legislative amendments, all the mining companies holding a permit for metallic mineral extraction, as well as a number of agencies, including the RA Ministry of Nature Protection, the State Revenue Committee, the RA Ministry of Territorial Administration and Development were deemed reporting (the latter enters the reports submitted by the sub-national government entities into the system). The draft legal amendments also established the information to be provided by the accountable agencies and extracting entities.
- Pursuant to the legal amendments within the harmonization with EITI, accessibility for the public of the mining contracts entered into with the metallic mineral extracting entities. Since the 2nd quarter of 2018 the contracts can be accessed on the official website of the Authorised Body.
- Undertaking by the Government of all possible steps towards the implementation of EITI for the proper accomplishment of its commitment, for example, in order to maintain the continuity of the commitments undertaken by the Government, the formal inclusion of the commitments in important documents, for example, in the 2017-2022 Government Program; after the publication of the roadmap for disclosure of ultimate beneficial owners, approving it by Government Protocol Decree; creating an inter-agency working group by the decree of the Prime Minister; including this on the agenda of the anti-corruption meeting; and sending the draft legal amendments for harmonization with the EITI to the National Assembly via a special regime.
- Incorporation in the 2019 Government Program of disclosure of beneficial owners of extractive companies, development and maintenance of a register of beneficial owners, as well as inclusion in the national program under development within the Open Government Partnership (OGP) of the commitment to disclosure of beneficial owners: the register of beneficial owners of mining companies will serve as a unified state register for future disclosure of the beneficial owners of registered corporate entities operating in other industries, ensuring that the data on the beneficial owners are in the public domain.
- The high level of the international partners' interest in the EITI implementation in Armenia and the comprehensive support. In 2018 international organisations continued to fund the following: development of the Scoping Study for the preparation of the EITI Report (through the support of Embassy of UK in Armenia), development of the draft Communication Strategy (through the support of Embassy of UK in Armenia), development of the draft Legislative and Institutional Review (through the support of Embassy of UK in Armenia), design of the website of EITI Armenia (through the support of UNDP Armenia), capacity building of the first report of EITI Armenia, translation of EITI documents, and public awareness raising events (through the support of the World Bank).

- The effective course of action of the Multi-Stakeholder Group as a tri-lateral platform for discussing various issues where all the stakeholders can raise their questions of concern and, where possible, receive answers, as well as make consensus-based decisions.
- Creation of the RA EITI MSG's Responsible Mining Working Group outside the requirements of the EITI Standard, in order to be engaged in the development of the Roadmap for Implementation of Responsible Mining Practices and 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", as well as in the process of elaboration of the "Mining Sector Strategy".
- Approval by the RA Government of the package of draft laws aimed at the disclosure of beneficial ownership and submission to the National Assembly according to the procedure considered urgent.
- The readiness of the Staff of the RA Government to undertake the costs of labour and maintenance of the EITI Secretariat, as well as the costs of the annual membership fee, reaffirming their loyalty to the commitment of implementing the EITI.
- The sustainability of the EITI in the case of changes in the RA Government, manifested in that the implementation of the EITI was on the agenda of the two last governments.
- The professionalism of the EITI of Armenia team.

A number of weaknesses were identified during the implementation:

- Breach of deadlines for implementation of EITI works and acceptance of documents because of the changes in the composition of the MSG after the change of government;
- The working groups formed by the MSG have manifested low effectiveness in a number of matters.
- The MSG's inadequate capacity level, due to which the MSG members do not explore the presented issues profoundly, and no considerations (which would require an appropriate qualification) are submitted on the issues raised, or such considerations are submitted with delays. The scarce funding of the EITI Secretariat which does not enable to engage more professionals.
- Deviations from the schedule of some activities with the stakeholders under the EITI 2017-2018 Work Plan because of unforeseeable happenings, such as failure by the Independent Administrator which is preparing the first EITI national report within the timeframes established by the contract, which led to the extension of the terms of service provision and publication of the report.
- Despite the activities carried out by the MSG, the level of proactive engagement of the mass media is low in the implementation of the EITI, and, on the whole, the awareness level on the EITI among the public at large is rather low.
- The lack of general experience among the extracting entities in terms of the positive aspects of implementing up-to-date and transparent mining.
- Inadequate capacity in a broad range of civil society organisations.

Efforts to strengthen the impact of EITI implementation:

- In 2018 following the change of the Government, the newly appointed Government also attached importance to the implementation of EITI in Armenia; First Deputy Prime Minister of the Republic of Armenia was appointed Chair of the MSG, the MSG Government constituency continued to be presented by the SCR chairman and Deputy Ministers.
- The implementation of EITI, publication of metallic mining data required by the EITI Standard, and the EITI accountability of EITI reporting bodies and metal ore mining companies have been defined as mandatory legal requirements. As a result, publication of relevant information and the submission of the EITI reports by all metal ore extractive companies for 2017 in the First EITI Report of Armenia have been ensured.
- The EITI Armenia has taken steps beyond the mandatory requirements of the EITI Standard, in particular, in accordance with the adopted legislation the metal mining contracts have been published.
- As a step towards systematic data disclosure, the EITI Armenia website and Online Reporting Platform have been developed.
- In accordance with the National Priority of the EITI of Armenia “Enhancing the culture of responsible mining through application of the best international practices, and based on legal regulations” and as an activity of the EITI Work Plan, the development of the Roadmap of the Introduction of Responsible Mining Practices in Armenia was carried out as a step beyond the mandatory requirements of the EITI Standard. To accomplish these tasks, an EITI Responsible Mining Working Group has been set up with an expanded participation.
- Beneficial Ownership Disclosure Roadmap, published in December 2017, has been redrafted into a Government protocol decree, and an Inter-Agency Working Group on Beneficial Ownership Disclosure was created by Decision 297-A of the RA Prime Minister, dated 27 March to ensure compliance with the Roadmap activities.
- The EITI Secretariat of Armenia was established at the RA Prime Minister’s Office, which is financed by RA National Budget.
- The collaboration has continued with the international partners, in particular the World Bank and the German Agency for International Cooperation (GIZ), to support the implementation of the activities set out in the EITI Work Program in the coming years. Specifically, the project “Support for the Global Extractive Industries Transparency Initiative (EITI) in Armenia, Georgia and Ukraine” by GIZ was approved by the “Public Administration Reform and Modernization in the Eastern Partnership” initiative of the Federal Republic of Germany.

5. Total Implementation Costs

Objective	No.	Activity	Cost according to the Work Plan (US dollar)	Funding source	Actual expenditure, 2018	Actual funding source	Status	Implementation
Ensuring accessible and timely information								
	2	Creating the RA EITI website	16,000	UNDP	13,000	UNDP	Completed	The competition for the development of the Armenian EITI website was announced by the UNDP on December 12 2017. Helix Consulting LLC was named the winner. An agreement was signed in January 2018. The site was created in 2018. In July and August 2018 the reports by the mining companies and government agencies for the EITI Report were presented on the online reporting portal. Tools were created on the platform that can be used to download the reports, filter and download the collected data in compliance with the open data principles. The website (www.eiti.am) and the online

							reporting portal (reports.eiti.am) were launched during the EITI Conference on 30 January 2019.
3	Ongoing website support	Included in the funding amount of Activity 2	UNDP, RA national budget			Ongoing	During the reporting period the ongoing website maintenance work was performed.
4	Posting appropriate information on the EITI website (reports, videos, minutes)					Ongoing	The official website of EITI Armenia was created and has been maintained since 2018. News on the implementation of EITI, the quarterly reports of the EITI implementation, other documents, as well as the minutes of the RA EITI MSG, informational videos, the EITI National Report, draft legal acts, as well as other information and documents were posted.

5	Disclosure and publication of information on the mining sector in an easily understood language, preparation of social advertising	11,500	World Bank		RA national budget	Ongoing	The actual expenditure is provided in Activity 9 .
6	Awareness raising campaign on the mining sector and EITI and their elucidation via social media (YouTube, Twitter, Facebook, etc.)					Ongoing	In 2018, the EITI Secretariat of Armenia updated the implementation of Armenia's EITI in social media, i.e. Facebook, YouTube and Twitter.
7	Development of communication strategy	54,000	British Embassy to Armenia		British Embassy to Armenia	Completed	Within the scope of the project implemented with the support of the British Embassy in Yerevan, the development of the Communication Strategy was delegated to the AUA Center for Responsible Mining. The works were implemented with delay from the deadline set out in the ToR. As of February 2018, the draft Communication Strategy had been presented by AUA CRM and

							approved by the MSG. Activities 7, 16, 20, 50 and 51 have been funded under this Project.
8	Approval of Communication Strategy					Completed	See Activity 7
9	Implementation of awareness raising measures	5,000	World Bank, RA national budget	3,897	World Bank, RA national budget	Ongoing	
10	Official presentation of EITI Report / conference	8,000	World Bank, RA national budget			Delayed	The Conference on EITI first national report took place on 30 January.
Development of roadmap for disclosure of ultimate beneficial owners							

12	Public consultations on the draft roadmap	1,000	Donors, RA national budget			Completed	In 2018, during the events organised within the scope of EITI, the activities of implementation of the Beneficial Ownership Disclosure Roadmap were presented to the public and the mass media.
14.1	Creating an Inter-Agency Working Group (WG) on Beneficial Ownership Disclosure and holding meetings to develop the legislative package	1,000	RA national budget			Ongoing	
14.2	Circulation of the legislative package and submission to the RA Government, then to the RA National Assembly	7,000	World Bank			Completed	On 10 October 2018 (also on 21 February 2019) the Government of Armenia approved the package of draft laws governing the process of disclosure of beneficial owners of metal mining companies.
14.3	Discussion of the legislative package for the disclosure of beneficial ownership with the stakeholders	2,500	World Bank			Completed	

	14.4	A study on the appropriateness of expanding the scope of disclosure of beneficial ownership and drawing up a schedule of related actions					Completed	
Review of the legal framework of Armenia, disclosure of inconsistencies with the EITI Standard and gaps								
	16	Review of legislation, identification of gaps, submission of recommendations on addressing the gaps	Included in the funding of Activity 7.	British Embassy to Armenia		British Embassy to Armenia	Completed	The AUA CRM had submitted the package of draft Laws in November 2017, which was discussed with the stakeholder bodies and the MSG. The package of RA draft Laws was submitted to the Government of RA in December, 2017 and was approved by the Government on 18 January, 2018. The RA National Assembly approved the package of laws on 21 March 2018. The EITI Legislative and Institutional Review was submitted by the AUA CRM in 2018.
	17	Submission of the report and action plan to the MSG					Completed	
	18	Review and approval of report and action plan by the MSG					Completed	

	18.1	A review on the possibilities for project level (per each permit for extraction) reporting of the financial streams in the future EITI reports; and development of a roadmap for implementation of the recommendations of EITI first report	1,000	RA national budget			partially completed	The MSG established the definition of “project”, according to which all the financial flows that would be possible to present at the project level in the first EITI Report, were presented at project level. The Road Map for the implementation of the recommendations first EITI Report will be elaborated in 2019, as the report was published in late December 2018.
Review of the best international practices and development of a roadmap for harmonization with the EITI and the best international practices of responsible mining								
	20	Development of a roadmap for reviewing the international experience	Included in the funding of Activity 7.	British Embassy to Armenia		British Embassy to Armenia	Completed	
	21	Approval of the Roadmap by the MSG					Completed	
	22	Implementation of action plan					Ongoing	
	23	Involvement in development of the sector policy					Ongoing	
Ensuring Armenia's EITI candidature status								

38	Collaboration with donors						
40	Establishment and operation of the EITI Secretariat of Armenia	90,000	RA national budget, USAID	40,551	USAID Armenia, RA national budget	Completed /Ongoing	The EITI Secretariat of Armenia was established under the RA Government Staff in January 2018. In 2018 the EITI Secretariat of the RA Prime Minister's Office was financed by RA National Budget. With the support of the World Bank, a Public Relations Expert was engaged in November and December 2018. In 2018 a digital video camera was purchased through World Bank funding.
41	Preparation and approval of the RA EITI MSG annual report					Completed	
42	Preparation of monitoring reports on the RA EITI MSG activities, EITI implementation, action plan (quarterly, annual)					Completed	
43	Collaboration with the EITI International Secretariat and other EITI member countries					Ongoing	

44	Participation in EITI Board meetings and conferences	10,000	World Bank, other donors	3,169	World Bank, USAID Armenia	Ongoing	At the invitation of the International Secretariat, representatives of the Armenian Secretariat and relevant ministries took part in the regional workshop on disclosure of beneficial ownership in Georgia in July 2018. They also attended the EITI Board meeting in Berlin on 28-29 June 2018 where the extension of the deadline for publication of the first report of Armenia was considered.
45	Holding of the RA EITI MSG meetings	2,000	RA national budget			Ongoing	
46	Revision and approval of the EITI work plan					Completed	
47	Creation of MSG working groups					Ongoing	In 2017-2018 the EITI MSG of Armenia formed five working groups.
48	Development and approval of the 2019-2020 EITI Work Plan					Completed	
49	Payment of EITI membership fee	10,000	RA national budget	10,000	RA national budget	Completed	

	49.1	Capacity building for the representatives of the MSG and the interested agencies	15,000	World Bank				See Activity 9
Comprehensive report consistent with the EITI standard								
	50	Scoping study of EITI Report	Included in the funding of Activity 7.	British Embassy to Armenia		British Embassy to Armenia	Completed	Within the scope of the project implemented with the support of the British Embassy in Yerevan, development of the Scoping Study was commissioned to the AUA CRM. The works were implemented with delay from the deadline set out in the ToR. In March 2018 the MSG approved the final draft of the EITI Scoping Study submitted by the AUA CRM.
	51	Developing the ToR for the independent administrator	Included in the funding of Activity 7.	British Embassy to Armenia		British Embassy to Armenia	Completed	Within the scope of the project implemented with the support of the British Embassy in Yerevan, development of the ToR for the Independent Administrator was commissioned to the AUA CRM. The works were implemented with delay from the deadline set out in the ToR. In March 2018 the MSG approved the draft ToR for the Independent Administrator submitted by the AUA CRM.

	52	Discussion and approval of the draft ToR for the independent administrator					Completed	
	53	Selection of Independent Administrator (competition and approval)					Completed	
	53.1	Development of the EITI Report	100,000	World Bank	106,853	World Bank, USAID Armenia, RA national budget	Completed	The value of consulting services comprised \$ 106,853 USD: \$ 10,685 USD were paid in March 2019. Co-financing from the state budget amounted to \$ 17,818 USD.
	54	Preparation and approval of the list of reporting government agencies and entities by the MSG, definition of materiality					Completed	

55	Development and approval by the MSG of a Draft RA Government Decree on the format, procedure and time frames for submission of reports by government agencies and extractive entities for the EITI Report					Completed	
55.1	Presentation of a RA Governmental Decree at the RA Government Meeting					Completed	
56	Training for government agencies and extractive entities on presentation of reports for the EITI Report purposes	2,500	World Bank		See Activities 9 and 53.1	Completed	
58	Discussion and approval of the RA EITI Report prepared by the Independent Administrator					Completed	

	59	Translation work	10,000	World Bank, USAID Armenia, RA national budget	1,553	World Bank, USAID Armenia, RA national budget	Ongoing	In 2018 translation services were provided through World Bank support. During the reporting period, the EITI Secretariat of Armenia carried out translation work of other materials, guidelines and templates.
	60	Submission of the RA EITI Report to the EITI Secretariat and its publication					Completed	
	61	Review of considerations of the EITI Secretariat concerning the RA EITI Report and preparation of report on these considerations					Completed	

6. Details of the Members of the Multi-Stakeholder Group During the Reporting Period

The composition of Republic of Armenia's EITI MSG was approved by Decree N 1104-A of the RA Prime Minister dated 24 November 2016 "On Setting Up the Republic of Armenia's Extractive Industries Transparency Initiative Multi-Stakeholder Group and Approving Its Composition". Changes were made to the composition of the EITI MSG by Decree 960-A dated 16 July 2018. Ararat Mirzoyan, First Deputy Prime Minister, was appointed Chair of the RA EITI MSG.

In 2018 three MSG meetings were held.

During the RA EITI Multi-Stakeholder Group meeting on 27 March 2018, the EITI Armenia MSG members approved the fourth quarter report of 2017 on the implementation of EITI, the performance of 2017 Work Plan, the reviewed EITI 2018 Work Plan, the Scoping Study for the first EITI Report, the ToR for the Independent Administrator for preparing the first EITI Report, and a number of decisions were made on the key issues established by the EITI Standard.

During the RA EITI Multi-Stakeholder Group meeting on 31 July 2018, the EITI Armenia MSG members approved the first and second quarter reports of 2018 on the implementation of EITI, the EITI Armenia Communication Strategy and Action Plan, and discussed a number of issues related to the development of the report with the Independent Auditor.

During the RA EITI MSG meeting on 5 December 2018 the MSG members approved Armenia's 2018 national report, the third quarter report of 2018 on the implementation of EITI, the 2019-2020 national priorities for EITI Armenia, the 2019-2020 Work Plan and the EITI Armenia's Roadmap for Implementation of Responsible Mining Practices.

During the meetings the requirements of the Terms of Reference for Multi-Stakeholder Group were met.

The MSG meeting shall be valid if attended by the 2/3 of the MSG members or alternate members, and more than 1/2 of the MSG members from each constituency.

The absences of the representatives of the extractive industry companies are accounted for by the fact that their main workplaces are located out of Yerevan, while the reason for the absence of the members of the constituency of the civil society was their participation in events outside Armenia. To solve the above-mentioned issues, a video communication is provided during the meetings, where possible, and the MSG members can participate in the meeting online, through the video communication (some MSG members participated through the video communication).

Pursuant to another requirement of the ToR,

If the MSG member has been unable to participate in the MSG activities or has unexcused absences from more than half of the MSG meetings in one year, the Chair shall raise an issue of her/his replacement for MSG discussion.

Suren Qrmoyan, a member (former member) representing the constituency of government agencies and Davit Tadevosyan, alternate member of the MSG representing the constituency of the extractive entities missed over half of the meetings. The absences of the said members were excused, and the MSG Chair did not raise the issue of replacing them. The table below provides information about the MSG meetings and attendance of the members.

MSG constituency	MSG member, organization	Date		
		27.03.2018	31.07.2018	05.12.2018
Chair of MSG	Davit Harutyunyan, Ministry of Justice			
Chair of MSG	Ararat Mirzoyan, First Deputy Prime Minister			
Government agencies	Karen Isakhanyan Ministry of Territorial Administration and Development			
	Tigran Khachatryan Ministry of Economic Development and Investments			
	Davit Ananyan, Ministry of Finance, since May 2018 State Revenue Committee			
	Khachik Hakobyan Ministry of Nature Protection			
	Vardan Gevorgyan Ministry of Energy Infrastructure and Natural Resources			
	Irina Ghaplanyan Ministry of Nature Protection			
	Suren Qrmoyan Ministry of Justice			
	Arman Poghosyan (alternate member) Ministry of Finance			
Civil Society	Artur Grigoryan, "EcoRight" NGO			
	Sona Ayvazyan Transparency International Anti-corruption Center			
	Inga Zarafyan "Ecolor" Informational NGO			
	Harutyun Movsisyan, Yerevan State University			
	Arthur Hambartsumyan "Civil Voice" NGO			
Extractive companies	Perch Khachatryan "Zangezur Copper and Molybdenum Combine" CJSC			
	Armen Stepanyan "Lydian Armenia" CJSC			
	Vahe Vardanyan "Geomining" LLC			
	Artur Nikoghosyan "Agarak Copper and Molybdenum Combine" CJSC			
	Aram Osikyan (alternate member), "ASMAT" LLC			

	Andranik Aghabalyan (<i>alternate member</i>), "GeoEconomics" CJSC			
	Manvel Yeghiazaryan (<i>alternate member</i>), "Meghradzor Gold" LLC			
	Davit Tadevosyan (<i>alternate member</i>) "Teghut" CJSC			



present

absent

According to the MSG Composition of the given period is not a member of MSG

7. Questionnaires Completed by the Civil Society and Extractive Companies Constituencies of the RA EITI MSG

Questionnaire completed by the civil society constituency of the RA EITI MSG

1. Participation in the work of the MSG (how many meetings did the constituency members attend; and what was the percentage of participation by the constituency?)

The reporting 2018 civil society constituency members attended the three key meetings of the RA EITI MSG (on 27.03.2018, 31.07.2018 and 05.12.2018) and other working meetings; the total percentage of participation by the constituency in the key meetings is 85. Out of the three MSG meetings, Inga Zarafyan and Artur Hambartsumyan have one excused absence each, on 31.07.2018 and 05.12.2018 respectively. Sona Ayvazyan and Harutyun Movsisyan attended all the three meetings. Artur Grigoryan, former member of the constituency (in connection with assuming an office in the public sector, he left the constituency), attended only the first meeting (on 27.03.2018).

2. Working with a larger constituency (those who elect the MSG members, as well as other interested individuals) (how many meetings were held with the representatives of the broader constituency, what were the topics discussed?)

No separate works were performed with the broader civil society constituency in the form of special meetings during the reporting year. However, from time to time, information about the process of implementation of EITI in Armenia, the ongoing work, the news and reports was disseminated through electronic correspondence, to the e-mail addresses of non-governmental organisations and interested individuals included in the list of stakeholders. The list of stakeholders is provided in the Annex to the document “EITI Armenia Communication Strategy and Action Plan”.

The members of the constituency individually (not on behalf of the constituency) participated in various events where the important issues within the EITI were presented: transparency, responsibility and accountability of the sector; the principles of MSG’s activities, etc.

Inga Zarafyan, member of the constituency, representing “Ecolur” Informational NGO, regularly ensured publication of information on the process of implementation of EITI in Armenia on the website of “EcoLur”. “EcoLur” also organised a media tour to Teghut and Alaverdi, with local NGOs and journalists participating.

Sona Ayvazyan, member of the constituency, representing “Transparency International Anti-Corruption Center NGO, organised the public discussion on the topic “The disaster of Teghut. What is the solution?” on 27 June 2018, with the participation of Armenian NGOs, including local NGOs, journalists, interested civil society individual representatives and activists, as well as representatives of the RA EITI MSG and Secretariat and certain ministries.

For the purpose of discussing the activities of the constituency reporting year and further actions, shaping a common opinion on the issues raised and discussing other issues and problems, the constituency members organised a number of separate meetings with the participation of constituency members and interested individuals. In addition to the members of the constituency in these meetings, mainly representatives of the AUA CRM and individual experts took part.

3. Capacity building (what local and international events did the MSG constituency members participated in; who participated from the constituency; and what were the topics of the events?).

3-5 July 2018, Kyiv - Harutyun Movsisyan and Inga – EITI workshop; training courses on the topic of “Capacity Building and Training for Civil Society Members in Europe and Central Asia and Mongolia”

As commissioned by “Transparency International Anti-Corruption Center NGO, the AUA CRM conducted a needs assessment, resulting in the development of a needs assessment questionnaire with the participation of the civil society constituency members of the MSG.

4. The EITI implementation challenges (what are the problems hindering the implementation of EITI; and how can these be overcome?).

Awareness raising and capacity building of civil society.

5. To what extent were the EITI goals achieved during the reporting year? the opinion of the constituency.

No.	The goal according to the Work Plan	Achieved? (yes, no, partially)	Notes
1	Ensuring accessible and timely information	Yes	
2	Development of roadmap for disclosure of ultimate beneficial owners	Yes	
3	Review of the legal framework of Armenia, disclosure of inconsistencies with the EITI Standard and gaps	Yes	Towards [addressing] the problems in the legal framework, identification of legislative gaps continues

4	Review of the best international practices and development of a roadmap for harmonization with the EITI and the best international practices of responsible mining	Partially	The activities established by the Roadmap are ongoing
5	Ensuring Armenia's EITI candidature status	Yes	
6	Comprehensive report in compliance with the EITI Standard	Yes	<p>The EITI Report lacks an analysis of the current mining permitting process, which is specified and is encouraged by 2.2(a) and 2.2(b) of the Standard.</p> <p>In the context of evaluation of the legal regime, no reference has been made to freedom of information, the institute of commercial secrets and the issues related to the excessively broad interpretation of the latter. This in particular hinders the publication of audit results by supervisory institutions and safeguarding the public interest to be aware of environmental issues.</p> <p>In terms of capacity evaluation of the stakeholders, the</p>

			Inspectorate For Subsoil and Environmental Protection has been ignored.
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6. *The overall evaluation of the constituency’s work (how effective is the constituency’s work; what are problems inside the constituency: are there problems with the other MSG constituencies; are there problems with the broader constituency; what steps have been taken to address the existing problems; and what progress has been made in addressing the issues raised by the MSG in the 2017 annual report)?*

On the whole, the performance of the constituency can be appraised as effective. The incomplete composition of the group resulting from Artur Grigoryan’s leaving, affected the effectiveness of the work.

There were issues of principle related to conflict of interests, its perceptions and the financial transparency of the non-governmental organisations. On 11 February 2018 the formed group of arbitrators recorded the absence of conflict of interests among the members of the MSG civil society constituency. However, fundamental disagreements persist inside the constituency.

There are no problems with the other MSG constituencies and the broader civil society constituency. We think that the risks identified by the constituency in the previous report still exist. One way of addressing such risks would be setting out additional requirements and guarantees in the election procedure for the constituency members.

7. *Other Considerations*⁶⁸

Appreciating the processes of publishing mining-related documents, we deem it necessary to mention that:

- Because of insufficient awareness raising and training, users face difficulties in finding the necessary information at www.eiti.am. It is also suggested to offer the users the opportunity to download the information provided by the companies in full form and in xls format. The same problem exists in regard to data on mining posted on the website of the Ministry of Energy and Natural Resources: albeit they are available, they are not convenient for use.
- The contracts can be accessed on the website of the Ministry of Energy Infrastructures and Natural Resources of Armenia, while the drafts that are part of the mining right, are not available or easily accessible.
- The EIA documentation published on the website of the RA Ministry of Nature Protection is inconvenient in terms of use.

⁶⁸ When completing the Section “Other Considerations”, it is recommended to be guided by the “Guidance note 5 on annual progress reports (APR)” at <https://eiti.org/GN5>

- We believe that all mine site-specific information should be included on any one site, so that one does not have to search on different websites, often without a possibility to apply search tools.

Questionnaire completed by the extractive companies' constituency of the RA EITI MSG

1. *Participation in the work of the MSG (how many meetings did the constituency members attend; and what was the percentage of participation by the constituency?)*

The constituency ensured the participation of at least three members (ensuring the quorum for the meeting) in all sessions held during the reporting year.

2. *Working with a larger constituency (those who elect the MSG members, as well as other interested individuals) (how many meetings were held with the representatives of the broader constituency, what were the topics discussed?).*

Meetings were held in a broader circle of the constituency, involving the alternate members as well. Three to four such meetings took place, discussing topics on the process of implementation of EITI in Armenia. Within the framework of the Union of Miners and Metallurgists of Armenia, meetings are organised regularly on topics related to the sector. During the meetings, EITI-related current issues are also discussed. Within the framework of the Union of Miners and Metallurgists of Armenia, the Sustainable Development Working Group, involving two MSG members, operates. The goal of the Working Group is to discuss the issues and legislative initiatives that address the sustainable development of the sector and submit recommendations to the State Authorised Body. The meetings are convened once in 5-6 months on average; During the meetings issues related to EITI were also discussed, as necessary.

3. *Capacity building (what local and international events did the MSG constituency members participated in; who participated from the constituency; and what were the topics of the events?).*

Armen Stepanyan, representing the constituency, attended the e EITI Board meeting in Berlin between 27 and 30 June 2018. The members of the constituency also participated in the events held in Armenia within the framework of EITI and the meetings of the working groups.

4. *The EITI implementation challenges (what are the problems hindering the implementation of EITI; and how can these be overcome?).*

The main problem or challenge for the implementation of EITI is the lack of capacity of government agencies, civil society and, in many cases, private companies, as well as the noncomprehensive and stereotypical approach prevailing in the country towards the EITI and mining.

5. *To what extent were the EITI goals achieved during the reporting year? the opinion of the constituency.*

No.	The goal according to the Work Plan	Achieved? (yes, no, partially)	Notes
1	Ensuring accessible and timely information	Yes	There is a need to organise meetings with the participation of the stakeholders directly by the Secretariat, to be attended by the representatives of all the constituencies.
2	Development of roadmap for disclosure of ultimate beneficial owners	Yes	The recent press publications make it clear that there is a need for more active awareness raising measures among the stakeholders (meetings, booklets, FAQ, etc.)
3	Review of the legal framework of Armenia, disclosure of inconsistencies with the EITI Standard and gaps	Yes	Legislative Review is a dynamic process, and this process needs to be addressed periodically
4	Review of the best international practices and development of a roadmap for harmonization with the EITI and the best international practices of responsible mining	Yes	The concept paper is being finalised as of June 2019. There is a most serious problem in the MSG regarding the understanding and application of

			responsible mining.
5	Ensuring Armenia's EITI candidature status	Yes	
6	Comprehensive report in compliance with the EITI Standard	Yes	The constituency of the extractive companies proposed to include the assessment of the economic impact on the affected communities in the report.

6. *The overall evaluation of the constituency's work (how effective is the constituency's work; what are problems inside the constituency: are there problems with the other MSG constituencies; are there problems with the broader constituency; what steps have been taken to address the existing problems; and what progress has been made in addressing the issues raised by the MSG in the 2017 annual report)?*

The work inside the constituency can be assessed as effective even though all the members are excessively busy. The decisions were always taken by consensus. No concrete issues arose with the other constituencies. Based on the interests of different constituencies, there were disagreements, however, as a result of the work, it was possible to come to a common agreement.

In order to make the work more effective, it is suggested to implement more activities to build the capacity and raise the awareness of the constituencies on sector-related practical issues.

It is also suggested to organise thematic meetings between the companies and professionals, which will contribute to the solution of the above-mentioned problem.

7. *Other Considerations*

In order to increase the efficiency of the work, it is necessary to pay more attention to building the capacity of all MSG members and raising their comprehensive awareness to a higher level.

Approved by the Multi-Stakeholder Group
Date: 28 June 2019
Reviewed and approved by the Multi-Stakeholder Group
Date: 05 September 2019

Annexes

Annex 1



**MINISTER OF JUSTICE
REPUBLIC OF ARMENIA**

*3/8 Vazgen Sargsyan str. Yerevan 010, tel. 0037410594004
E-mail: info@moj.am
30 March, 2018*

**Fredrik Reinfeldt
Chair
Extractive Industries Transparency Initiative**

Dear Mr. Reinfeldt,

On behalf of me and the EITI Multi-stakeholder Group of Armenia I would like to approach you and the EITI board, in accordance with the procedure established by the EITI Standard, with an important issue related to the obligation of publication of the EITI Report of the Republic of Armenia.

Currently the EITI MSG of Armenia, the EITI National Secretariat and other stakeholders are actively engaged in activities of preparation of the first EITI National Report as well as the other obligations set forth by the EITI Board Decision. Since the EITI candidacy of Armenia the EITI MSG, the Government of Armenia and our international partners have been invested great efforts and commitment to fulfil our obligations.

Here is a brief description of ongoing and already fulfilled activities.

1. Preparation of the Scoping Study of the First EITI Report of Armenia

With the support of the British Embassy in Yerevan, in July, 2017 the MSG commissioned the Center for Responsible Mining (CRM) of the American University of Armenia to prepare the Scoping Study of the First National EITI Report of Armenia. The ToR for the Scoping Study included a list of tasks, namely, study and recommendations on issues demanding MSG decisions regarding the coverage of the EITI Report, determination of the materiality thresholds, identification of the reporting state entities and mining companies, financial flows to be reported and reconciled, reconciliation thresholds, and other relevant issues. The final draft of the Scoping Study was submitted in March, 2018. The MSG approved the Scoping Study of Armenia at the MSG meeting held on 27 March, 2018.

2. Legal amendments aimed at compliance with the EITI

In the scope of the same Project the CRM was commissioned to carry out a legal study to identify the legal gaps and obstacles hindering the EITI implementation in Armenia. A legal package was submitted to the MSG in November 2017. The Government confirmed the necessity of legal amendments in order to ensure the EITI reporting process not only by the mining companies, but also state bodies. For example, the State Revenue Committee of Armenia, which is the main EITI reporting state body, would not provide and publish tax and payment data disaggregated on companies' level unless relevant legal amendments were adopted. Taking into account the EITI commitment and deadlines the Draft Laws had been approved by the Government on 25 January 2018, which was necessary to send the drafts for Parliamentary discussions. Simultaneously the Government had granted the Draft Laws the "urgent" status. The "urgent" status meant that the Draft Laws should be discussed in the National Assembly of RA through an accelerated procedure (the law adoption process took two months while the average period for is six months). This was a huge step forward since otherwise the Laws would have been adopted in September. Besides, due to 2015 Constitutional amendments Armenia is shifting to a parliamentary system of governance in April 2018. So the Parliament of RA works in its maximum capacity aiming at adoption of the Constitutional Laws. However, the EITI Laws were adopted by the Parliament in March, 2018.

After the first hearing of the Draft Laws in the Parliament the deadline for submission of the EITI reports for mining companies and state agencies was moved from 1st of July to 1st of August, stating that taking into consideration the legal procedures of Armenia, it is not feasible to adopt the secondary legislation and, after its entry into force, to provide the reporting entities one month period to submit the EITI reports by 1st of July.

3. Approval of the World Bank's "Armenia Extractive Industries Transparency Initiative Support" Grant Project

The National Secretariat submitted an "Armenia Extractive Industries Transparency Initiative Support" Grant Project to the World Bank, which was approved in November, 2017. As a result of discussions with our World Bank partners in early 2017, in the EITI Work plan the MSG set forth that the Independent Administrator

could be selected in September, 2017. However, the World Bank submitted the grant package to the Government in February, 2018. Due to efforts of National Secretariat and our international partner the Grant Agreement will be approved and come to force in mid-April, 2018, which is again, the minimum required time according to the Government procedures. The World Bank Grant covers the funding of a list of the EITI Work plan activities among which the key is the preparation of the EITI Report of Armenia.

4. Establishment of the EITI National Secretariat

In January 2018 the EITI National Secretariat was established under the Government Staff of Armenia. Despite the initial agreement with the World Bank, later the funding of the National Secretariat expenses was excluded from the grant's coverage. Therefore starting January 2018 the Government is funding the EITI National Secretariat expenses and annual EITI membership fee by the means under the provision "Support for the Extractive Industries Transparency Initiative Secretariat under the Government Staff" of 2018 State Budget.

5. Development of the EITI e-reporting platform

With the support of the UNDP Armenia the MSG commissioned the development of the EITI-Armenia's official website and EITI e-reporting portal in January, 2018. The portal will be used to collect electronic EITI reports from both mining companies and state agencies using e-signature system. The platform will create a database consisting information from submitted reports and will be based on Open Data Principles.

6. Legal status of the Beneficial Ownership Disclosure Roadmap of Armenia

The Beneficial Ownership Disclosure Roadmap of Armenia was developed with support of the EBRD Project. The Roadmap was approved by the MSG and published at the end of December, 2017. On 22 March 2018 the Roadmap was presented at the Anti-Corruption Council session¹ chaired by the Prime Minister of Armenia, during which the Prime Minister gave instructions to grant the Roadmap a legal status in order to ensure its institutionalized implementation. The Government Decree on Beneficial Ownership Disclosure Roadmap of Armenia and Prime Minister's Decree on the Structure of the Inter-agency Working Group for the Roadmap Implementation were approved by the Government at the end of March, 2018.

7. Development of the EITI Reporting Templates

The EITI National Secretariat in collaboration with the representatives of relevant state agencies, metal mining companies and other stakeholders has started to develop the EITI Reporting Templates taking into account the Scoping Study findings, the MSG decisions, the EITI Standard's requirements and best international EITI reporting practice. These activities will allow us to start developing the secondary legislative acts drafts and discussing the templates with the Independent Administrator in more effective manner and timeframe.

Pressing issues

Despite the efforts made by the Government and the MSG of Armenia, there are several circumstances that may risk timely publication of the EITI Report of Armenia.

These are as follows:

According to Armenian legal practice, as soon as the EITI Law Amendments come into force, the secondary legislation shall be discussed and the Draft Government Decision(s) shall be submitted to the Government. The EITI reporting templates for companies and state entities shall become a part of the secondary legislation (Government Decree). This process takes approximately two months. On the other hand, according to the EITI requirements the EITI reporting templates shall be agreed upon with the Independent Administrator. The World Bank Grant Agreement shall come into force in mid April, after which the Government may announce a tender for the Independent Administrator. The procurement process usually lasts 1-1.5 months. At the MSG meeting held on 27 March 2018, the MSG emphasized that the reporting templates should be agreed with the Independent Administrator justifying its decision by the fact that the EITI reporting is a new process for Armenia and, therefore, it demands more professional approach. Taking this into consideration the Government Decision on Reporting Templates and Reporting Procedure may be adopted in June. After having the final formats of the EITI reports the IT company may complete the development and test the e-reporting platform and the reporting entities shall be trained. The MSG thinks that e-reporting system will highly improve the efficiency of the reporting process, ensure that the reports are submitted in time, and also facilitate the work of Independent Administrator with the reporting entities if any adjustments of data provided by the reports are needed. The reporting mining companies and state agencies must be provided with a 1 month period to complete the reports and submit them to the Independent Administrator. As

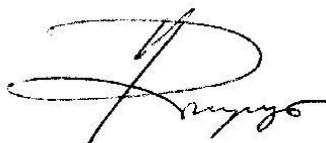
it is set out in the Law, the reporting mining companies and state agencies shall submit the EITI reports at the latest by 1st of August, 2018. Based on this, in order to publish the EITI Report by 9 September, 2018, within a 1-month period the Independent Administrator shall reconcile the data, complete the EITI Report, submit it to the MSG, and then the MSG shall review and approve the EITI Report of Armenia. The MSG is convinced that before approving the EITI Report the MSG should have sufficient time to review the draft Report and submit its recommendations or comments on at least identified major issues.

Despite the above-mentioned challenging circumstances the EITI MSG and the Government of Armenia have taken all possible measures to mitigate its negative impact on the success of the EITI implementation process.

The EITI MSG of Armenia finds that these terms are not feasible, and due to the short deadline, the quality and credibility of the EITI Report of Armenia may suffer considerably. Therefore, at the MSG meeting held on 27 March, 2018 **the MSG made a decision to submit the request to extend the EITI Report publication deadline for 2.5 months, from 9 September to 27 November, 2018.** The EITI MSG of Armenia, the EITI National Secretariat and the Government of Armenia will continue to make maximum effort to go on with the EITI implementation process in a good manner.

We are hopeful that the EITI Board will consider our extension request and, taking into account the mentioned facts, will satisfy our claim.

Sincerely,



Davit Harutyunyan
Minister of Justice
Chair of the Multi-stakeholder Group of Armenia

CC: Jonas Moberg, Head of the EITI Secretariat
Dyveke Rogan, Policy and Regional Director
Oliana Valigura, Country Manager
EITI International secretariat

¹ <http://www.gov.am/en/news/item/9413/>

**MINISTER OF JUSTICE
REPUBLIC OF ARMENIA**

3/8 Vazgen Sargsyan str. Yerevan 010, tel. 0037410594004

E mail: info@moj.am

05 May, 2018

**To: Fredrik Reinfeldt
Chair
Extractive Industries Transparency Initiative**

Dear Mr. Reinfeldt,

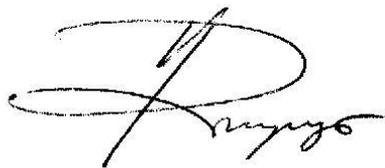
In addition to the request letter to extend the EITI Report publication deadline submitted to you on 30 March 2018, were we presented you the list of issues that we considered as risks for timely publication of the EITI Report of Armenia, I would like to inform you about current political developments in Armenia.

Due to public demand and demonstrations, the newly appointed Prime Minister Serj Sargsyan resigned on April 23, 2018. The Parliament of Armenia failed to elect new Prime Minister on parliamentary session held on 1st of May, 2018, after which public demonstrations continued in favour of opposition leader in Armenia. The next votes of the Prime Minister will take place on 8 May, 2018. The only nominated candidate for the Prime Minister is the opposition leader Nikol Pashinyan, who most probably will be elected as an interim Prime Minister of Armenia and will form the interim Cabinet of Ministers. These processes will directly influence the MSG structure and functionality. The MSG members from the Government constituency may leave their positions in the new Government. It will take some time for the Government to nominate new MSG members representing the Government of Armenia. The new members shall be given an opportunity to get acquainted with the EITI implementation process in Armenia, all the related materials and their own responsibilities as an MSG member.

Taking into consideration this situation, the MSG most probably cannot make decisions during the upcoming period on important issues regarding preparation of the EITI report of Armenia, the most important of which is adoption of the EITI reporting templates for the state agencies and extractive companies. Furthermore, adoption process of the Government Decision on the EITI reporting templates may take longer time than expected.

The EITI Secretariat of Armenia will continue to make every effort to coordinate and implement the activities set forth in the EITI Work plan of Armenia and cooperate with the stakeholders to make the transition process as smooth as possible. In any case, on behalf of me and the EITI Multi-stakeholder Group of Armenia I kindly ask you to consider these new circumstances, while making decision on extension of publication of the EITI Report of the Republic of Armenia.

Sincerely,



Davit Harutyunyan
Minister of Justice
Chair of the Multi-stakeholder Group of Armenia

CC: Jonas Moberg, Head of the EITI Secretariat
Dyveke Rogan, Policy and Regional Director
Oliana Valigura, Country Manager



28 June 2018

Mr Ararat Mirzoyan
First Prime Minister
Republic of Armenia

EITI BOARD ACCEPTS ARMENIA'S REQUEST FOR EXTENSION

Your Excellency,

Congratulations on your appointment as First Prime Minister of the Republic of Armenia.

Following the Reporting deadline extension request submitted to the international EITI Board on 30 March 2018, the Board has granted the extension of the reporting deadline as requested by the MSG. Having reviewed the circumstances around the request the members of the Board agreed that:

Armenia is eligible for an extension and the reporting deadline is extended to 9 March 2019. If the outstanding EITI Report is not published by 9 March 2019, Armenia will be suspended. The suspension will not be lifted until requirement 4.8 is met. If the suspension is in effect for more than one year the EITI Board will delist Armenia.

In taking this decision, the Board noted the efforts of the stakeholders to keep the process going including adopting legal amendments to remove obstacles for EITI reporting. I commend the government and the MSG for setting up their reporting system for systematic disclosure from the outset.

The EITI International Secretariat and other partners stand ready to support you in your efforts to further the transparency agenda.

Yours sincerely,

Fredrik Reinfeldt
Chair
Extractive Industries Transparency Initiative



9 May 2018

HE Davit Harutyunyan
Minister of Justice
Republic of Armenia

CONTRIBUTION TO THE INTERNATIONAL MANAGEMENT OF THE EITI

Hon Minister Harutyunyan,

I wish to express our gratitude to the Government of Armenia for the financial contribution to the international management of the EITI. Contributions by implementing countries will be used to support crucial services to implementing countries, namely Validation and technical support on implementation.

We look forward to working with your government to facilitate the EITI implementation in Armenia, to continue on the road towards more openly available data, towards mainstreamed reporting and improvements in beneficial ownership reporting.

We welcome our continued collaboration to ensure greater transparency and accountability in the extractive industries.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Jonas Moberg', is written over a light blue background.

Jonas Moberg
Executive Director
Extractive Industries Transparency Initiative