



**REPUBLIC OF ARMENIA EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE IMPLEMENTATION
ANNUAL PROGRESS REPORT 2020**

OFFICE OF THE PRIME MINISTER OF THE REPUBLIC OF ARMENIA

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Foreword

The year 2020 was a difficult and significant one for Armenia Extractive Industries Transparency Initiative (EITI Armenia). On the one hand, it was characterised by the high results of the first validation of the implementation of the EITI Standard in Armenia, and, on the other hand, by the continued and uninterrupted activities of the EITI first under the state of emergency and then martial law declared in the country because of the COVID-19 pandemic and the hostilities respectively.

On 19 July 2020 the EITI International Board adopted a decision, according to which, as a result of the conclusion of the first validation of Armenia, Armenia recorded the highest, satisfactory progress in the implementation of the 2016 EITI Standard. Thus, Armenia became the ninth of the 55 EITI member countries¹ to be granted the status of a country with satisfactory progress.

The 2018 National Report of EITI Armenia (the second one) was presented to the public at the online conference on 14 September 2020. The report not only showed the size of the contribution of the metal mining sector in the Armenian economy, but also presented the sector in a transparent and accountable manner.

Ensuring Requirement 2.5 of the EITI Standard, the year 2020 was also marked by the start of submission of declarations on beneficial owners by the industry companies to the Agency for State Register of Legal Entities of the RA Ministry of Justice. The declarations were made available to the public on the Register's website <https://www.e-register.am/> in pdf format.

The creation of an electronic system for declaring beneficial owners² completed at the end of the year allowed the above-mentioned declarations to be submitted online from 2021. Any interested person can view, export and use the declarations in open data format. This new level of increased transparency will enable the public to control and manage corruption risks to the extent possible.

The mentioned successes, as well as the rest of the work foreseen by the 2019-2020 Work Plan would not have been possible without the support of international partners: specifically, EITI Armenia is supported by the World Bank “Armenia Extractive Industries Transparency Initiative Support” Grant Project. The negotiations that commenced in late 2020 on extending the duration of the project until 31 July 2021 were also successful and ensured the proper implementation of the activities delayed by COVID-19 and hostilities.

Thus, Armenia’s Extractive Industries Transparency Initiative reaffirmed its sustainable and progressive nature and, despite the difficult non-standard year, continued its normal activities toward further development.

¹ As of July 2020.

² <https://bo.e-register.am/en/auth>

1. Annual Performance Description

The details of performance of the 2020 Work Plan of EITI Armenia were continuously presented in the quarterly reports on the EITI implementation, available on the official website of the NAP of Armenia³. The following is a more detailed overview of the key results of EITI activities in 2020.

Results of the First Validation of Armenia

On 9 April 2020 the EITI International Secretariat provided the preliminary scorecard of Armenia's Validation and the Draft Validation Report by the Independent Validator. According to the preliminary scorecard, Armenia had made high progress in 22 out of the 24 Requirements of the EITI Standard ("satisfactory" for 18 Requirements and "beyond" for 4 Requirements). However, shortcomings were registered related to two Requirements: Requirement 5.2 (Environmental and Health Target Programs) and 6.1 (Social and environmental expenditures by extractive companies mandatory under mining contracts). Armenia was requested to undertake two corrective actions to eliminate the shortcomings.

The corrective actions were carried out under the state of emergency established in Armenia because of the COVID-19 pandemic. It should be noted that under these conditions, the Armenian MSG and the National Secretariat, together with the authorised government agencies and communities, as well as mining companies, carried out intensive and extensive work toward collecting, interpreting and publishing the required additional information. The EITI National Secretariat submitted a document⁴ summarising the additional information collected and published on the corrective actions to the EITI International Secretariat within the set timeframe. The MSG of Armenia was stating that, as a result of the performed actions, it considered the progress in implementing the EITI Standard in Armenia as "satisfactory" and was requesting to review the Validation results for the two Requirements. These materials are available on the official website of EITI Armenia⁵.

As a result, on 9 July 2020 the EITI International Board adopted a decision⁶ agreeing, that, following the conclusion of Armenia's Validation, Armenia has made satisfactory progress overall in implementing the 2016 EITI Standard.

According to the Validation scorecard, Armenia was rated "satisfactory" for 20 Requirements, and "beyond"⁷ for four Requirements. Armenia made a "beyond" progress in meeting the Requirement 1.5 (work plan) of the EITI Standard, Requirement 2.1 (legal framework), Requirement 4.1 (comprehensiveness) and Requirement 6.3 (the contribution of the extractive sector to the economy).

³ Quarterly and Annual Reports by EITI Armenia, <https://www.eiti.am/en/Quarterly-annual-reports/>

⁴ <https://eiti.org/document/armenia-validation-2019>

⁵ <https://www.eiti.am/en/annual-reports/2018/>

⁶ https://www.eiti.am/en/news/2020/03/26/beneficial-owners-data-subject-to-publication-eng/83https://eiti.org/board-decision/2020-39?fbclid=IwAR2vEL_YrpZexFLFouZSdMQklHbr6qOIMuXQK0LNKkt9I3z6hjqmgD_YmZQ

⁷ <https://www.eiti.am/hy/%D5%86%D5%B8%D6%80%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%B6%D5%A5%D6%80/2020/07/16/eiti-validation-armenia-arm/88/>

Thus, Armenia became the ninth of the 55 EITI member countries⁸ to be granted the status of a country with satisfactory progress.

The Board determined that Armenia would be re-Validated in three years, i.e. on 9 July 2023., and the Validation of Requirement 2.5 of the EITI Standard would commence in 2021⁹.

Evaluating the results of the Validation, the EITI International Board commended the Government of Armenia and the Multi-Stakeholder Group (MSG) for the exemplary progress in implementing the EITI Standard and for the country's efforts to expand the scope of EITI reporting to issues of national concern. The Board also noted that the EITI process is robustly embedded in the broader transparency and reform agenda of the mining sector in Armenia. Moreover, the EITI has helped to contribute to a new culture of dialogue in the country by encouraging cooperation between different constituencies and providing input to mining sector reforms.

The Report of the EITI International Secretariat, "Validation of Armenia: Report on initial data collection and stakeholder consultation"¹⁰ presents strategic recommendations for strengthening Armenia's performance on each Requirement of the EITI Standard, which are acceptable to the MSG of EITI Armenia and will be taken into account in the implementation of the EITI implementation activities in the coming years.

Publication of the EITI Second National Report 2018 and the Second Annual Conference of EITI Armenia

The EITI National Report presenting 2018 was prepared within the framework of the World Bank "Armenia Extractive Industries Transparency Initiative Support" Grant Project. The second National Report, like the first one, was compiled by Ernst & Young (EY) auditing firm, which started preparing the Report in late 2019.

Elaboration of the main part of the Report coincided with the establishment of a state of emergency due to the COVID-19 epidemic in the country, which automatically led to new, less comfortable working conditions. Due to this circumstance, "Ernst & Young" had to ask for an extension of the contract completion period. The term of the contract for the preparation of the Report, as well as its official submission, was extended until the third quarter of 2020.

⁸ As of June 2021.

⁹ At the time of preparing this Report, as of June 2021, the EITI International Board, based on the results of the first phase Validation of Armenia on Requirement 2.5 (Beneficial ownership) of the Standard, agreed that Armenia had made the highest, "satisfactory progress" <https://www.eiti.am/en/news/2021/06/10/the-eiti-board-agreed-that-armenia-has-made-satisfactory-progress-in-implementing-requirement-2-5-o/106> .

<https://eiti.org/board-decision/2021-32>

¹⁰ In English, https://eiti.org/system/files/documents/armenia_validation_2019_initial_assessment_march_2020.pdf; in Armenian, https://eiti.org/system/files/documents/arm_armenia_validation_2019_initial_assessment_march_2020.pdf

At the end of June 2020, EY submitted to the EITI National Secretariat the Draft Report of 2018, the second reporting year of EITI Armenia. The Draft Report was provided to the MSG members, the authorised state agencies, as well as the EITI International Secretariat, for a final opinion. On 11 September 2020 the Multi-Stakeholder Group of EITI Armenia approved the National Report of EITI Armenia for 2018¹¹.

The online conference for the presentation of the National Report of EITI Armenia¹² was held on 14 September 2020, attended by representatives of the RA Government, extractive companies, civil society, Extractive Industries Transparency Initiative (EITI) International Secretariat and international partner organisations.

The participants of the Conference were welcomed by Tigran Avinyan, RA Deputy Prime Minister, MSG Chair. In his speech he emphasised that the RA Government and the MSG would continue their efforts to maintain the achieved success and increase the further impact of the initiative.

Mark Robinson, Executive Director of the EITI, Sylvie Bossoutrot, Country Manager for Armenia, Europe and Central Asia and Deborah Greiser, USAID Armenia Mission Director, spoke about the dynamic of EITI processes in Armenia, the successes achieved and future cooperation. Thereafter the specialists of EY briefly presented the Report developed in compliance with the Requirements of the 2019 EITI Standard, the overview of the metal mining industry of Armenia, as well as the findings and the recommendations of the Report. Olesia Tolochko, Country Officer, EITI International Secretariat, presented the Validation scorecard of EITI Armenia and the forthcoming priorities of EITI. Lusine Tovmasyan, Head of the Secretariat of EITI Armenia, presented the information citizens could find on the official websites of EITI Armenia and government agencies.

At the end of the Conference a discussion took place amongst the Multi-Stakeholder Group of EITI Armenia and the other speakers on the EITI and the mining industry. The participants included Kirsten Hund, Senior WB Mining Specialist, Peter Low and Kadie Armstrong, representatives of the OpenOwnership Global Register of Beneficial Ownership, Lilia Shushanyan, Deputy Minister of Territorial Administration and Infrastructure, and Arthur Manukyan, Deputy Chairperson of the State Revenue Committee, representing the government constituency, as well as Viktoria Burnazyan, an expert of “EcoLur Informational” NGO, representing the civil society constituency.

The Armenian and English¹³ versions of the Armenia’s EITI National Report 2018 and the Summary Report are publicly available on the official website of EITI Armenia. Armenia’s EITI National Report 2018 was also published on the website of the EITI International Secretariat¹⁴.

For any beneficiary, the 2018 numeric data of the Armenian metal mining sector and the public reports submitted by the mining companies and government agencies are available on the online reporting platform (reports.eiti.am). Also available on this platform are the 2019 EITI reports which were

¹¹ <https://www.eiti.am/en/annual-reports/2020/>

¹² <https://www.eiti.am/en/2nd-eiti-report-online-conference/>

¹³ <https://www.eiti.am/en/annual-reports/2020/>

¹⁴ <https://eiti.org/armenia>

in 2020 submitted by the reporting government agencies (the ME, the MTAI and the SRC), 26 each, and the mining companies, a total of 24.

Beneficial Ownership Disclosure

The legal process aimed at beneficial ownership disclosure, which had started back in 2017, continued in 2020 as well.

Order No. 36 dated 5 February 2020 of the RA Minister of Justice “On Approving the Form of the Declaration on Beneficial Ownership and the Procedure for Completion and Submission of the Form”¹⁵, as well as the RA Government Decree “On Defining the List of Information Included in the Declaration of Beneficial Owners Subject to Publication”¹⁶ dated 26 March 2020 were the decisive legal acts of the current stage of beneficial ownership disclosure of that made it possible to publicise the declarations containing the specified information about the beneficial owners and disclosing such information to the public at large.

After the adoption of the above-mentioned legal acts, pursuant to the Law “On State Registration of Legal Entities, Separated Divisions of Legal Entities, Enterprises And Private Entrepreneurs”, legal entities obliged to disclose beneficial ownership – organisations with the right to geological exploration and metallic mineral extraction – submitted the declarations on the beneficial owners (BOs) of their organisation to the State Register of Legal Entities of the Ministry of Justice of the RA.

Prior to the launch of the Beneficial Ownership Electronic Declaration System, a decision was made to publish the scanned PDF version of the declarations on the website of the Register (www.e-register.am) for the public free of charge, taking into account the restrictions established by law on publicising an identity document, a public service number, registration and residence address.

The BO declarations submitted since 20 February 2020 are publicly available at ¹⁷ www.e-register.am.

Prior to the submission of declarations by the companies, continuous training was conducted on completing and submitting the BO declarations. In this regard, the meeting¹⁸ with the representatives of the metal ore mining companies obliged to submit a BO declaration that took place at the RA Ministry of Territorial Administration and Infrastructure on 29 January 29, 2020 was important: the participants were introduced in detail to the procedure for submitting a BO declaration, the schedule, the scope of the

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<https://www.eiti.am/hy/%D5%86%D5%B8%D6%80%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%B6%D5%A5%D6%80/2020/02/11/BO-register/81/>

¹⁶<https://www.eiti.am/hy/%D5%86%D5%B8%D6%80%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%B6%D5%A5%D6%80/2020/03/26/beneficial-owners-data-subject-to-publication/83/>

¹⁷ [https://www.eiti.am/hy/%D4%BB%D5%8D-](https://www.eiti.am/hy/%D4%BB%D5%8D-%D5%B0%D5%A1%D5%B5%D5%BF%D5%A1%D6%80%D5%A1%D6%80%D5%A1%D5%A3%D5%A5%D6%80/?tab=88)

[%D5%B0%D5%A1%D5%B5%D5%BF%D5%A1%D6%80%D5%A1%D6%80%D5%A1%D5%A3%D5%A5%D6%80/?tab=88](https://www.eiti.am/hy/%D4%BB%D5%8D-%D5%B0%D5%A1%D5%B5%D5%BF%D5%A1%D6%80%D5%A1%D6%80%D5%A1%D5%A3%D5%A5%D6%80/?tab=88)

¹⁸ <http://mtad.am/hy/news/item/2020/01/29/mtad29.01/>

required information, the manner of completing the declaration, and all the questions that arose were clarified.

After the meeting, the companies, throughout the year, as needed, regularly received the necessary advice from the Ministry of Justice, the Agency for State Register of Legal Entities, the National Secretariat of the EITI and the MTAI on the manner of completion and the procedure for submission of declarations.

During 2020, in parallel with the submission of hard copies of BO declarations, the works of development of the electronic platform for declaring BOs and the software for the BO data register – that were postponed because of the postponement of approval of the ToR by the MSG in 2019, and, as a result, because of the slowdown in the process of procurement of the service – were continued. As a result, the process of procurement of the services for the public registry software took place in the first quarter of 2020. The tender was won by VXSoft company: the contract was signed on 12 May 2020, and the works on the development of the BO registry software commenced. These works were also carried out within the framework of the World Bank “Armenia Extractive Industries Transparency Initiative Support” Grant Project.

The development of the software was significantly facilitated by the active collaboration between the working group of the client consisting of the representatives of the EITI Armenia Secretariat, Ministry of Justice and the RA MoJ Agency for State Register of Legal Entities, VXSoft and the OpenOwnership Global Register. Through the video calls a number of technical aspects of the BO register software were discussed, related to the structure of the online declarations, data verification, BO declaration submission and publication processes, data field identification, open source data access, graphical representation of beneficial ownership chains, and more.

In December 2020 VXSoft completed the development of the online BO register. A two-day remote presentation of and training on the public register for disclosure of beneficial owners was held in early December 2020, with the participation of VXSoft, members of the EITI Armenia BSG, the staff of the Armenian Secretariat and representatives of authorised government agencies and mining companies. During the training the participants performed an independent testing of the electronic platform, evaluated its working principles, recorded the existing problems and their suggestions, which were discussed on the second day of the training.

The recorded technical issues were corrected by VXSoft specialists prior to the official launch of the public register in February 2021. In 2021, after the official launch of the register, its public presentation will take place.

The cooperation with the officials of the OpenOwnership Global Register, which continued throughout 2020, deserves special appreciation in the whole process of BO disclosure. On 2-4 March 2020 Peter Low, OpenOwnership Armenia Country Manager, who was on a working visit to Armenia, met with the representatives of the EITI National Secretariat, the Ministry of Justice and the Agency for State Register of Legal Entities. Issues related to software solutions and interoperability with international registers were discussed.

In August OpenOwnership published an analytical report¹⁹ on the process of beneficial ownership disclosure in the Republic of Armenia, which presented Armenia's progress in beneficial ownership disclosure and a number of technical recommendations which were useful in terms of the open data standard, automatic verification of data collected, and verification mechanisms while developing an online registry. An article²⁰ addressing the Study mentioned that Armenia has made commendable and rapidly progress in BO disclosures, due to the following factors:

- ✓ the anti-corruption agenda adopted by the Government, prioritising ownership transparency in the mining sector;
- ✓ the keen interest of civil society organisations, including environmental NGOs, in the mining sector and their analytical findings; and
- ✓ the willingness of the industry entities to disclose the required information related to BO.

Peter Low and Kadie Armstrong, representatives of the OpenOwnership Global Register of Beneficial Ownership spoke at the online Conference on the Second EITI Report of Armenia and presented the ongoing works²¹, the analytical study published by the OpenOwnership, as well as Armenia's progress in developing an online BO register compliant with the open data standard.

The first attempts in 2020 of submitting BO declarations by metal ore mining companies obliged to submit a BO declaration were studied during the year by various stakeholders, the legal and procedural weaknesses of the process were identified, and recommendations were developed to eliminate them. In this context, on June 5, a statement²² was submitted by the civil society constituency of the MSG which presented the constituency's recommendations on addressing the issues related to ensuring the transparency of beneficial ownership.

Based on the above-mentioned general observations, as well as in fulfillment of the commitment under the Fourth Action Plans of the Republic of Armenia within the framework of Open Government Partnership (OGP)²³, the RA Ministry of Justice initiated a process of legislative reforms in the system of disclosure of beneficiary owners of legal entities in the state register engaging officials of the RA Central Bank and the EITI Armenia Secretariat. With this initiative, the Armenian government proposes to expand the scope of disclosure of beneficial owners in Armenia, considering it as a component of the anti-corruption activities. According to the established timetable, starting from 1 January 2023 the requirement to declare beneficial owners will be applied to all legal entities.

¹⁹ <https://www.openownership.org/uploads/armenia-scoping-report.pdf>

²⁰ https://www.openownership.org/blogs/armenia-breaks-new-ground-with-extractives-disclosures/?fbclid=IwAR2wMmeVWEVIBinAwsFguVq00PTqFGWfX5NptdYX_ixBpzbvGRJZILXLhkc

²¹ <https://www.eiti.am/en/2nd-eiti-report-online-conference/part-12-openownership-arm/44/>

²² <https://transparency.am/files/publications/1592292171-0-852077.pdf?v=4%D6%89&fbclid=IwAR1b-V4-gAHejbCpsx0GsboyosMPTKB4czL98qfsb2SwqKl176yzterb7Go>

²³ https://www.ogp.am/u_files/file/OGP_AP_2018_2020_ARM.pdf

The package was presented to the public and to the MSG for consideration in the fourth quarter of 2020. It is expected to be approved by the RA Government and will be adopted by the National Assembly in the first half of 2021²⁴.

It is especially noteworthy that such an expansion of beneficial ownership disclosure was based on the experience of introducing declarations on beneficial owners of metal mining companies under the EITI process.

If the proposed changes are adopted, the gaps identified through the analysis of the BO declarations already submitted by the EITI interested participants, as well as the issues of compliance with the requirements of international standards will be resolved to some extent.

Awareness Raising Activities

The official website of EITI Armenia www.eiti.am continued to be the main platform for disseminating information in 2020. During the year, the contents of the sections of the website were regularly updated and supplemented; the legal acts, documents, information and news on EITI were published and made publicly available according to the rules of open data. Important information for foreign language users was always provided in English as well.

As mentioned above, the Second National Report of EITI Armenia, the Summary Report²⁵, the public reports of the EITI approved in 2018 and the video recording²⁶ of the online conference on the presentation of the EITI National Report of Armenia were posted on the EITI's website.

Additionally, the EITI Armenia's pages in Facebook²⁷, YouTube²⁸ and Twitter²⁹ networks were regularly updated, publishing information on the EITI implementation and the sector and ensuring its access for the public at large.

News on the outcomes and Activities of EITI Armenia were posted on the official social network pages of Tigran Avinyan, RA Deputy Prime Minister, Chair of the MSG. The Armenian media outlets were provided with press releases on Armenia's Validation scorecard and the online Conference where the Second EITI Report was presented, thus ensuring a broad coverage.

The interview of Lusine Tovmasyan, Head of the Secretariat of EITI Armenia, to Mediamax News Agency in Armenia, elucidated the necessity for creating a platform for beneficial ownership disclosure, its functions, problems to be solved as a result of launching the platform, the manner to use the platform, the beneficiaries, etc.³⁰.

²⁴ At the time of preparing this Report, as of June 2021, the package of laws was adopted by the National Assembly <https://www.eiti.am/en/news/2021/06/23/who-is-the-beneficial-owner-the-national-assembly-of-ra-adopted-the-package-of-laws-on-disclosure-o/108>.

²⁵ <https://www.eiti.am/en/annual-reports/2020/>

²⁶ <https://www.eiti.am/en/2nd-eiti-report-online-conference/>

²⁷ <https://www.facebook.com/EITIArmenia/>

²⁸ https://www.youtube.com/channel/UCx_9yOLmQCj_rwy2wYgRh6A

²⁹ https://twitter.com/EITI_Armenia

³⁰ <https://mediamax.am/am/news/digitization/41415/>

The Armenian language booklet of the EITI 2019 Standard was published within the framework of the USAID-supported “Improvement of Transparency and Accountability in the Mining Sector and Promotion of EITI (ITAMSPE)” project.

Because of the COVID-19 pandemic, no other awareness raising meetings and/or events took place during the reporting period. The work with the beneficiaries was mainly performed online.

Capacity Building Activities

Within the framework of the “Support the Implementation of the Global Extractive Industries Transparency Initiative (EITI) in Armenia, Georgia and Ukraine” implemented by German Development Cooperation via Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), a training³¹ entitled “Armenia’s Fiscal Regime and the EITI Requirements for Financial Flow Transparency” was held in Dilijan on 6-8 March. The training was conducted by the consultants of “Zed Consulting” CJSC and “Avenue Consulting Group” consulting firms. The training was attended by the representatives of the RA Audit Chamber, State Revenue Committee, Ministry of Environment, Ministry of Territorial Administration and Infrastructure, Ministry of Finance, Inspectorate for Nature Protection and Mineral Resources, the World Bank, the MSG and the Secretariat of EITI Armenia.

Events Organised by the Civil Society Constituency

In 2020, within the framework of the USAID-supported “Improvement of Transparency and Accountability in the Mining Sector” Program, Transparency International Anti-Corruption Center NGO worked with partners, raising awareness about mining and the EITI process.

1. The Center for Responsible Mining of the American University of Armenia has developed a remote online training platform³² that addresses the EITI Standard, the key Requirements, concepts and procedures, the functions of the EITI multi-stakeholder group (MSG), core principles of responsible mining and the specificities of EITI media communication.
2. In 2020 the Center prepared a series of 10 videos³³ on issues related to the EITI and organised five online seminars on them,
3. The Center for Responsible Mining at the American University of Armenia has undertaken a process of dialogue on mining policy, development of brief discussion papers on working conditions and occupational safety in the mining industry, disaster resilience, mitigation of a

³¹ <https://www.eiti.am/en/news/2020/03/09/eiti-fiscal-regime-training-6-8-march-2020-eng/82>

³² <https://crm.aua.am/elearning/eiti/>

³³ <https://www.youtube.com/playlist?list=PLcNfo5oEeefkG2hh3HFc9iV9KDnyLka35>

negative environmental legacy of mining and the responsibility of the industry in terms of the natural environment and public health³⁴.

4. During 2020, the American University of Armenia's Center for Responsible Mining undertook preparing a manual on environmental and social monitoring of mining, aimed at educating young people and engaging them in mining control processes³⁵.
5. American University of Armenia's Center for Responsible Mining launched an online informational platform on mining, to facilitate the dissemination of information and conducting research activities³⁶.
6. During the reporting year "Ecolur" Informational NGO scrutinised the contractual obligations of five non-operating mining companies, the reasons for their non-fulfillment, and the issues related to liability. Reports³⁷ on the activities of "Sagamar" CJSC³⁸, "Multi Group Concern" LTD³⁹, "Bacteck Eco" LTD⁴⁰, "Assat" LTD⁴¹, "Molibdeny Ashxarh" LLC⁴² were prepared and published.
7. In 2020 "Ecolur" Informational NGO conducted 12 awareness raising meetings in a number of affected communities of Lori, Syunik and Kotayk Provinces. In particular, the meetings held in 12 communities were attended by 61 beneficiaries: local residents, representatives of LSG bodies and others. They were informed about the mining companies operating in their communities, their contractual obligations, as well as the EITI Standard, the procedures and the legal framework. Interviews were held among the LSG bodies, the population and the civil society, to find out the impact of mining activities on the socio-economic and environmental condition of the community, as well as the community development programs included in such activities. During the visits the municipalities were provided with copies of the publication "EITI Standard 2019".
8. On 2 July 2020 a call was advertised to prepare investigative journalistic materials in the field of mining⁴³. Out of 15 applications submitted by journalists, six were selected by the evaluation commission. During 2020 the winning journalists explored the problems related to the mining industry in Syunik, Armavir, Ararat, Lori and Gegharkunik Provinces⁴⁴.
9. Within the framework of the project, in 2020 the "Investigative Journalists" NGO published one investigative article⁴⁵, three photo stories⁴⁶ and 12 articles which aim to promote the transparency of the mining sector and disclosure of beneficial ownership.

³⁴ The documents were published in 2021. Visit <https://crm.aua.am/hy/mpdpy/mining-policy-dialog-process>

³⁵ It is planned to be published by September 2021.

³⁶ It is planned to be published by September 2021.

³⁷ The full Project Report is planned to be published by September 2021.

³⁸ <https://www.ecolur.org/files/uploads/sagamarreportfinal.pdf>

³⁹ <https://www.ecolur.org/files/uploads/mghartreportfinal.pdf>

⁴⁰ <https://www.ecolur.org/files/uploads/2020/Transparency%20Project%202020/arjutreportnew.pdf>

⁴¹ <https://www.ecolur.org/files/uploads/2020/Transparency%20Project%202020/qaraberdreportfinalnew14062021.pdf>

⁴² <https://www.ecolur.org/files/uploads/2020/Transparency%20Project%202020/dastakertreportnew.pdf>

⁴³ <https://transparency.am/hy/news/view/3100>

⁴⁴ The articles were published in 2021. Visit <https://transparency.am/hy/news/view/3282>

⁴⁵ <https://hetq.am/hy/article/120975>

⁴⁶ <https://hetq.am/hy/article/120741>

<https://hetq.am/hy/article/120643>
<https://hetq.am/hy/article/120197>

2. EITI Implementation under the State of Emergency and Martial Law in the Republic of Armenia

Because of the pandemic of the new coronavirus disease, COVID-19, 2020 was a difficult year for the whole world, including Armenia, in terms of economic activity and social life. It was characterised by unprecedented severe restrictions of activities in various fields in most countries. Similar restrictions were introduced in Armenia on 16 March 2020, by the state of emergency⁴⁷ declared by the RA Government. The declared state of emergency and the inconvenient working and organisational conditions caused thereby disrupted the course of the EITI work to some extent. In particular, the preparation and publication of the Third EITI National Report on 2019, the development and launch of an online system for disclosure of beneficial ownership, etc. were slowed down, and certain capacity building and awareness-raising activities had simply to be postponed.

The situation became more complicated in the autumn by the Martial law⁴⁸ declared in the country on 27 September 2020 because of the war unleashed against Artsakh and the threat to the security of the Republic of Armenia. The members of the Government, Extractive Companies and Civil Society Constituencies of the MSG were either busy or involved in addressing a number of other high-priority issues in the country. In this context on 28 October the Multi-Stakeholder Group of EITI Armenia made a decision not to pay the EITI annual country contribution, reasoning that it would be more appropriate to direct the membership contribution in amount of AMD 5,000,000 to financing other, more needed programs. The EITI International Secretariat was duly informed about this. Additionally, Lilya Shushanyan, member of MSG's Government Constituency, Deputy Minister of Territorial Administration and Infrastructure, sent a letter⁴⁹ to the EITI International Board, suggesting to consider the principle of Responsible Investments as a requirement for reconsideration of investment decisions in various projects, emphasising that the principles adopted by the EITI Standard should make an impact.

Given all this, the success EITI Armenia achieved in 2020, as well as the steady course outlined by the program guidelines, testify to the fact that the EITI institution is established in Armenia and has laid a solid foundation for further advancement and development.

⁴⁷ <https://www.e-gov.am/gov-decrees/item/33564/>

⁴⁸ <https://www.e-gov.am/gov-decrees/item/34842/>

⁴⁹ <https://www.eiti.am/en/news/2020/10/02/eiti-msg-of-armenia-strongly-condemns-aggression-of-azerbaijan/100>

3. The Strengths and Weaknesses of the Course of EITI Implementation in Armenia

The strengths and weaknesses of the process of EITI implementation in Armenia were presented in the annual reports⁵⁰ of previous years. Below are a number of strengths and weaknesses that are mostly typical of 2020.

Strengths

- ✓ The commitment made and continuously developed by the RA Government to take and properly implement all possible steps towards the implementation of the EITI;
- ✓ Setting out the steps and actions aimed at the implementation of the EITI in the five-year Program of the Government of the Republic of Armenia for 2017-2022⁵¹, as well as in the anti-corruption agenda;
- ✓ The readiness of the state to make the necessary legislative changes to meet the Requirements of the EITI Standard;
- ✓ The steady process of submitting the EITI annual public reports by government agencies and companies accountable to the EITI, as stated by the law; the existence of the EITI online reporting system in Armenia and the timely entry of the information required by the reporting units into that system; as well as the public access to the entire database;
- ✓ Publication of mining contracts entered into by and between the state and the mineral extracting entities and the amendments thereto on the website of the Authorised Body, and their public availability;
- ✓ Updates of all changes in the mining permits register within the due timeframes prescribed by law;
- ✓ The law-making proactiveness of the Government of the Republic of Armenia aimed at BO disclosure; and legally enshrining the procedure for submitting the BO declarations;
- ✓ Public availability of BO declarations submitted by mining companies on the website of the RA MoJ Agency for State Register of Legal Entities (www.e-register.am) since March 2020;
- ✓ Establishment of an electronic system for submitting BO declarations, its launch planned for the beginning of 2021;
- ✓ The experience of introducing BO declarations in the field of metal mining under the EITI as a stimulus for legalisation of the requirement to disclose beneficial ownership in other spheres as well;
- ✓ The great interest shown by international organisations in the process of implementation of the EITI in Armenia and their continuous support; and
- ✓ The course of the effective work of the MSG as a platform for trilateral discussions; and the possibilities enabled by the platform for raising issues of concern to stakeholders, free discussion, and making consensus-based decisions.

⁵⁰ <https://www.eiti.am/en/Quarterly-annual-reports/>

⁵¹ <https://www.gov.am/am/gov-program/>

Weaknesses

- ✓ Inadequate level of capacities of the MSG, which sometimes results in a lack of depth in the study of the issues presented, knowledge of the international experience in problem solving, and observations that require a certain professional qualification;
- ✓ Lack of experience and will by mining companies to implement responsible mining practices;
- ✓ Inadequate level of abilities of the civil society in recognising issues of public importance and assessing them professionally, hence low capacity to formulate an extended agenda for the discussions of the MSG;
- ✓ Insufficient public awareness on the EITI; and the passive involvement of the journalists, and, in general, of the media, in the field of use of the EITI;
- ✓ The passive involvement of the affected communities in the EITI processes, as well as the low level of their capacity;
- ✓ The still insignificant public impact of the EITI and the result it created; the poor use of the data collected due to public accountability to EITI during the discussions of issues of public concern in the field of mining; the lack of EITI-driven argumentation in serious public debates; and
- ✓ Deviations from the timetable of several Activities of the Work Plan because of the COVID-19 pandemic and the Martial law.

4. Performance of the EITI 2020 Work Plan and Investment Costs

Goal	No.	Activity	Outcome	Agency in charge	Timeframes	Planned costs for 2019-2020 (US dollars)	Funding source	Actual expenditure, 2020	Actual funding source	Implementation status	Notes
Ensuring accessible and timely information											
	1	Development of the RA EITI website	Improved version of the RA EITI website with tools for making it accessible to the users through the open data principle	Office of the PM of RA / EITI Armenia Secretariat, selected organisation	2019-2020	See Activity 3	World Bank (WB)				No necessity arose perform the works.

4	Ongoing website support		Selected organisation, Office of the PM of RA / EITI Armenia Secretariat	2019-2020	The funding is included in the funding amount of Activity 3	WB			ongoing	No funding was required for 2020. The works were performed by the EITI Armenia Secretariat
5	Supplementing the EITI website with up-to-date information	Reports, videos, legal acts and news published on the website	Office of the PM of RA / EITI Armenia Secretariat, MSG	2019-2020		RA State Budget			ongoing	
6	Publishing and printing information on the EITI Implementation and the mining sector in an easily understood language; preparation of social advertising	Fact sheets, infographics, EITI Quarterly and Annual Reports, EITI Report, Report Summary, informational videos	MSG, Office of the PM of RA / EITI Armenia Secretariat	2019-2020	49,000	WB, donors	The funding is included in the funding amount of Activity 46	WB, RA State Budget	ongoing	

7	Awareness raising campaign on the mining sector and EITI; and their coverage via social media (YouTube, Twitter, Facebook, etc.)	Information about mining and the EITI published in social media	MSG, Office of the PM of RA / EITI Armenia Secretariat	2019-2020					ongoing	
8	Carrying out awareness raising activities, organising working meetings with stakeholders	Meetings (including regional), meetings with educational institutions, meetings with broader constituencies	MSG, Office of the PM of RA / EITI Armenia Secretariat	2019-2020	13,200	WB, RA State Budget, donors	10,900	GIZ	ongoing	
10	Official presentation / Conference on the Second EITI Report; presentation of the public register for disclosure of beneficial owners	EITI Conference	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q3, 2020	The funding is included in the funding amount of Activity 8	WB, RA State Budget, donors	0		Completed	Because of the COVID-19 pandemic, the official presentation / Conference on the 2 nd EITI Report took place online, on 14 September 2020. The electronic system for declaring beneficial owners was presented to the public in 2021.
Enhancing accountability and public oversight, reducing corruption risks										
Development of a public register for disclosure of beneficial owners, publicizing information on beneficial owners										
13	An Activity of public awareness raising on the Beneficial Ownership Register, the beneficial ownership disclosure process and legal regulations	press conference	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q3, Q4, 2020	2,500	WB, RA State Budget				The Beneficial Ownership Electronic Declaration System was presented to the public on 23 July 2021 at the annual meeting of EITI Armenia.

15	Development of sublegislation on beneficial ownership disclosure	Draft legal acts	Inter-Agency Working Group on Disclosure of Beneficial Owners, RA MoJ, MSG, Office of the PM of RA / EITI Armenia Secretariat	Q2, Q3, Q4, 2019 Q1 2020	See Activity 14	RA State Budget			Completed	
16	Approval by the MSG of sublegislation on disclosure of beneficial owners and submission of the circulated drafts to the RA Government	Draft legal acts	MSG, Office of the PM of RA / EITI Armenia Secretariat, RA MoJ	Q4, 2019 Q1, 2020		RA State Budget			Completed	
17	Development and approval of the Terms of Reference for creating a public register for disclosure of beneficial ownership	Terms of Reference	MSG, Office of the PM of RA / EITI Armenia Secretariat, RA MoJ	Q3, 2019		RA State Budget				
18	Selection of an organisation for creating the public register for disclosure of beneficial owners and creation of the public register	public register	MSG, Office of the PM of RA / EITI Armenia Secretariat, government agencies, selected organisation	2019-2020	36,000	WB, RA State Budget	30,200	WB	Completed	

19	Training on completion and submission of declarations on beneficial ownership disclosure	Training	Office of the PM of RA / EITI Armenia Secretariat, relevant government agencies, selected organisation	Q1, Q2, Q3, Q4, 2020	See Activity 18	WB, RA State Budget			Completed	
20	Submission of beneficial ownership declarations by the companies	BO declarations	Companies, State Register of Legal Entities	Q1, Q2, Q3, Q4 2020					ongoing	
21	Analysis of the public register for disclosure of beneficial owners and the process of presenting beneficial owners; identification of weaknesses, drafting of legal acts	Discussions, opinions, analysis, draft legal acts	Office of the PM of RA / EITI Armenia Secretariat, relevant government agencies, Working Group on Disclosure of Beneficial Owners	Q1, Q2, Q3, Q4 2020		donors			ongoing	
22	Improvement of the public register for disclosure of beneficial owners (as needed)	Improved register	Office of the PM of RA / EITI Armenia Secretariat, relevant government agency, selected organisation	Q3, Q4, 2020		donors			ongoing	

Ensuring Armenia's EITI candidature / membership status

24	Validation process	Validation	MSG, Office of the PM of RA / EITI Armenia Secretariat, EITI International Secretariat, International Validators	September 2019 - Q3, 2020					Completed	
24.1	Implementation of corrective actions recommended by the report of the Independent Validators	Analysis, implementation of corrective actions, publishing information on the implementation of corrective actions and information filling in the gaps	MSG, Office of the PM of RA / EITI Armenia Secretariat, EITI International Secretariat, government agencies, Independent Administrator	Q2, Q3 2020		RA State Budget			Completed	
24.2	Implementation of the recommended actions to strengthen the implementation of the EITI (systematic disclosures, capacity building, expanding the scope of published contracts, involvement of the Audit Chamber in the implementation of the EITI, informing the NA representatives about the EITI implementation process, development of a format for publishing information on a quarterly basis on the progress of implementation of the	Establishment of a relevant working group, discussions, opinions and analysis; format for publishing information on a quarterly basis on the progress of implementation of the recommendations provided by the Validation Report; and draft legal acts	MSG, Office of the PM of RA / EITI Armenia Secretariat, EITI International Secretariat, government agencies, MSG Working Group, Independent Administrator	Q2, Q3, Q4 2020		RA State Budget			ongoing	

	recommendations provided by the Validation Report and the EITI Report; provision of information by the government agencies in the defined format)									
25	Convening MSG meetings	MSG meetings	MSG, Office of the PM of RA / EITI Armenia Secretariat	2019-2020						Because of the COVID-19 pandemic, no working meetings of the MSG were held during 2020. The MSG's decisions were passed electronically, as prescribed by the MSG working procedure
26	Convening meetings of the MSG's Working Groups	Meetings	MSG's Working Groups, Office of the PM of RA / EITI Armenia Secretariat	2019-2020		National budget			ongoing	Because of the COVID-19 pandemic, the working meetings of the MSG during 2020 were held online.
27	Introducing the new MSG members and approving the composition of the MSG	Decree of the RA Prime Minister, MSG	MSG's constituencies, MSG, Office of the PM of RA / EITI Armenia Secretariat	Q3, Q4 2019 Q2 2020					ongoing	
29	Participation in EITI Board meetings and conferences	EITI Board meetings	MSG, Office of the PM of RA / EITI Armenia Secretariat	2019-2020	27,200	GIZ	710	GIZ	ongoing	Because of the COVID-19 pandemic, the working meetings and conferences of the MSG were held online since March 2020.
31	Development and Approval of Performance of EITI Armenia 2019 Work Plan	Performance of EITI Armenia 2019 Work Plan	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q1, Q2 2020					Completed	

32	Amendments to and Approval of Performance of EITI Armenia 2020 Work Plan	Amended EITI Armenia 2020 Work Plan	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q1, Q2 2020					Completed	
33	Development and approval of the EITI 2021-2020 Work Plan	EITI 2021-2020 Work Plan	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q4, 2020					Ongoing	The EITI 2021-2022 Work Plan was approved in 2021.
34	Collaboration with partner organisations and donors	Meetings with donors	MSG, Office of the PM of RA / EITI Armenia Secretariat	2019-2020					Ongoing	
35	Course of the activities of EITI Armenia Secretariat	work related to the national budget prodecures, preparing reports, ensuring the procurement process in the project implementation system	Office of the PM of RA / EITI Armenia Secretariat	2019-2020	72,000	RA State Budget	33,590	National budget, GIZ	Ongoing	
37	Preparation and approval of the EITI Armenia Annual Progress Report	EITI Armenia 2018 Annual Progress Report	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q2, 2020					Completed	
38	Preparation and approval of the EITI Armenia quarterly reports	quarterly reports	MSG, Office of the PM of RA / EITI Armenia Secretariat	2019-2020					Completed	

39	Collaboration with the EITI International Secretariat and other EITI member countries	correspondence, meetings, conference calls, online meetings of international working groups	MSG, Office of the PM of RA / EITI Armenia Secretariat	2019-2020					Ongoing	
40	Payment of EITI membership fee		Office of the PM of RA / EITI Armenia Secretariat	Q2, 2019 Q3, 2020	20,000	RA State Budget			Not completed	As decided by the MSG, the EITI membership fee was not paid
41	Translation work			2019-2020	6,000	WB, donors, RA State Budget	2,000	on-going	GIZ	The ongoing translation work was performed by the EITI Secretariat.

Preparation of the EITI Report in accordance with the EITI Standard

42	Amendments to the RA Government Decree N 666-N dated 8 June 2018; approval of Draft by the MSG and submission to the RA Government	RA Government Decree	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q1, Q2, 2019 Q2 2020						the year 2020 No necessity arose to amend the RA Government Decree N 666-N dated 8 June 2018.
43	Discussion of the recommendations received as a result of the presentation of the First EITI Report, discussion by the MSG of the identified shortcomings and the gaps submitted by the EITI International Secretariat, in order to determine the mechanisms for the implementation of the recommendations and eliminate the	Meetings, recommendations, MSG sitting	MSG, Office of the PM of RA / EITI Armenia Secretariat, other interested agencies	Q1, Q2, Q3, Q4 2019 Q1, 2020						

	causes for the cases of in compliance									
43.1	Discussion of the recommendations received as a result of the presentation of the EITI Report, discussion by the MSG of the identified shortcomings and the gaps submitted by the EITI International Secretariat, in order to determine the mechanisms for the implementation of the recommendations and eliminate the causes for the cases of in compliance	Meetings, recommendations, draft legal acts, MSG sitting	MSG, Office of the PM of RA / EITI Armenia Secretariat, other interested agencies	Q3, Q4 2020					Ongoing	
46	Preparation of EITI Armenia Report for 2018 reporting year	EITI Report	Independent Administrator, MSG, Office of the PM of RA / EITI Armenia Secretariat	Q4, 2019 Q1, 2020	85,000	WB, RA State Budget	82,208,00	WB, RA State Budget	Completed	
47	Development and approval of the Terms of Reference for the EITI Report for 2019 reporting year and the Scoping Study	Terms of Reference	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q1, Q2 2020		RA State Budget			Completed	

48	Selection of the Independent Administrator for the development of the EITI Report for 2019 reporting year and the Scoping Study	Competition for the Independent Administrator for the development of the EITI Report for 2019 reporting year and the Scoping Study, contract with the organisation which will develop the Report	MSG, Office of the PM of RA / EITI Armenia Secretariat	Q3, 2020					Completed	
49	Development of EITI Armenia Report for 2018 reporting year and the Scoping Study	EITI Report	Independent Administrator, MSG, Office of the PM of RA / EITI Armenia Secretariat	Q3, Q4 2020	100,000	WB, RA State Budget	17,700	WB, RA State Budget	Ongoing	EITI Armenia Annual Report for the reporting year 2019 was published in July 2021. In 2020 the amount set by the Contract for the first phase report was paid.

Expanding the scope of Armenia's EITI, Legislative Review for disclosure of inconsistencies and gaps

51	Identification of legal gaps related to expanding the scope of EITI Armenia through the Scoping Study and submission of recommendations	Scoping Study, drafting legal acts	Office of the PM of the RA / EITI Armenia Secretariat, selected organisation, Working Group of the MSG	Q4 2020	See Activity 49	WB, RA State Budget				The Scoping Study was prepared along with Armenia's Third Report, in the fourth quarter of 2020 and submitted to the MSG in July 2021
52	Discussions with stakeholders (companies, government officials, other participants) on expanding the scope of the EITI in Armenia	Meetings, discussions	MSG, Office of the PM of the RA / EITI Armenia Secretariat, a government agency, selected organisation, Working Group of the MSG	Q3, Q4 2020	2000	WB, RA State Budget				

53	Approval of the Study and the legal acts by the MSG	Draft legal acts	MSG, Office of the PM of RA / EITI Armenia Secretariat, relevant government agencies	Q4 2020		RA State Budget				
Implementation of the best responsible mining practices pursuant to the Roadmap, in view of the best international experience										
54	Implementation of the Activities of the Roadmap for supporting the implementation of responsible mining practices	Activities of the Roadmap	MSG, Office of the PM of RA / EITI Armenia Secretariat, MSG's Working Group, government agencies	2019-2020		donors				Due to the difficulties of organising working meetings of the MSG caused by the COVID-19 epidemic, the Working Group on Implementation of Responsible Mining Practices did not perform any works.
55	Holding meetings of the Working Group on Implementation of Responsible Mining Practices, submitting recommendations, recommendations for legislative reforms	Meetings, recommendations, draft legal acts	MSG, Office of the PM of RA / EITI Armenia Secretariat, MSG's Working Group, government agencies	2019-2020						
56	Participation in the mining strategy	Meetings of the MSG Working Group, recommendations, opinions	MSG, Office of the PM of RA / EITI Armenia Secretariat, MSG's Working Group, government agencies	Q4 2020						
57	Amending the Roadmap for the implementation of the responsible mining culture	Amended Roadmap	Working Group, Office of the PM of RA / EITI Armenia Secretariat	Q4 2020						

Capacity building for the EITI MSG and the stakeholders, EITI mainstreaming, encouraging the systematic disclosure of data

58	Advising the representatives of government agencies and mining companies that submit public reports on the use of the online platform for public reporting	Providing advice	MSG, Office of the PM of RA / EITI Armenia Secretariat, Independent Auditor	Q2, 2019, Q2, Q3, 2020		RA State Budget			Completed	
60	Feasibility study of the systematic data disclosure in accordance with the open data principle; mapping systematic data disclosure using the EITI toolkit; development and approval of the Roadmap for the institutionalisation of the data publication process	Study; mapping with the EITI toolkit; Roadmap / action plan	MSG, Office of the PM of RA / EITI Armenia Secretariat, selected organisation	Q3 2019 Q3, Q4, 2020		GIZ, RA State Budget			Ongoing	
61	Conducting meetings of the Working Group on Systematic Data Disclosure; implementing the Roadmap for the institutionalisation of the systematic data disclosure process; and cooperation with the EITI International Secretariat and international	Working group meetings, activities of the Roadmap / action plan	MSG, Office of the PM of RA / EITI Armenia Secretariat, MSG's Expanded Working Group, government agencies	Q3, Q4 2020		Donors			Ongoing	

	partner organisations										
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Status of Activities

Completed

Open

Ongoing

Not completed

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

Because of the COVID-19 pandemic, no meetings of the MSG took place during 2020: the decisions on the activities of the EITI were discussed and approved by the MSG members electronically.

For the same reason, the meetings of the Working Groups of the MSG were limited in number. Nevertheless, meetings of Working Groups to discuss certain issues, the remote meetings included, were intensely frequent, specifically, the discussions of the legal issues related to disclosure of beneficial owners, the corrective actions recommended as per Requirement 5. 2 and Requirement 6. 1 of the EITI Standard based on the outcomes of the first Validation of Armenia, and the considerations presented by EY in the Second EITI National Report.

On 26 May 2020 the Union of Miners and Metallurgists of Armenia introduced to the EITI National Secretariat the regular and alternate members representing the metallic minerals extracting industry in the composition of the EITI Armenia MSG between 2020 and 2023. During 2020, the composition of the MSG Government Constituency and the Civil Society Constituency changed as well. The details are available on the official website of EITI Armenia⁵².

⁵² <https://www.eiti.am/en/MSG-composition/>