



EITI CANDIDATURE APPLICATION OF THE REPUBLIC OF ARMENIA



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Applicant Country Information

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Sign-up Steps

EITI Requirement 1.1

The government is required to issue an unequivocal public statement of its intention to implement the EITI.

The idea of implementing the Extractive Industries Transparency Initiative (EITI) in the Republic of Armenia was born within the framework of the Open Governance Partnership (OGP) Project. The commitment of ensuring transparency of the mining sector under the OGP 2014-2016 2nd Action Plan of the Republic of Armenia¹ set forth the launch of the EITI implementation process in the Republic of Armenia, in particular, the undertaking of the necessary preparatory work for implementing the Initiative, the conducting of discussions, negotiations.

The willingness of the Government of the Republic of Armenia to implement the Extractive Industries Transparency Initiative was announced at the first meeting of the Anti-corruption Council chaired by the Prime Minister of Armenia, which took place on July 28, 2015².

During the meeting the former RA Prime Minister Hovik Abrahamyan stated with regard to implementing the EITI in Armenia: **“I attach great importance to the initiative of joining the Organization, and will personally oversee the successful completion of the accession procedure. The Republic of Armenia has always attached importance to ensuring transparent, predictable and competitive rules for businesses. Our intention to join the initiative shows once again how much importance we attach to the implementation of international standards in Armenia, as well as Armenia’s active participation in ever-changing global processes. On behalf of the Government of the Republic of Armenia, I would like to instruct David Harutyunyan to coordinate the process and work on introduction of relevant standard.”** Information about the commitment of the Government of the Republic of Armenia to implement the EITI Standard in Armenia was published in the website of the Government.

¹ http://www.gov.am/u_files/file/bkg%20angl.pdf

² <http://www.gov.am/en/news/item/8039/>

In the second half of 2015 with the support of USAID Armenia Mission, the RA Government Staff embarked on the implementation of the Enhanced Transparency in the Mining Sector Project. The purpose of the Project is to support the RA Government in its efforts towards enhancing the transparency and accountability of the mining sector, in particular, digitalization and publication of the RA Geological Fund data, completion of preparatory steps towards implementing the EITI and raising public awareness about the mining sector.

In September 2016 a new Government was formed in the Republic of Armenia led by Prime Minister Karen Karapetyan. The 2017 Government Program of the Republic of Armenia was presented which, inter alia, includes the strategic objectives of increasing the recognizability of Armenia and strengthening the trust and investment attractiveness of the country and promoting the public-private partnership. More specifically, the EITI implementation in Armenia is an important and effective step towards achieving these strategic objectives in the mining sector, and subsequently, the submission of the EITI candidature application in 2017 was incorporated in the RA Government Program³.

EITI Requirement 1.2

The government is required to appoint a senior individual to lead on the implementation of the EITI.

During the first meeting of the Anti-corruption Council of the Republic of Armenia, which was held on July 28, 2015, the RA Prime Minister appointed Davit Harutyunyan, Minister-Chief of Staff of the Government of RA as the coordinator of the process of EITI Standard implementation in the Republic of Armenia. After the formation of the new government Davit Harutyunyan continued his duties of coordinating the EITI Standard implementation process. Davit Harutyunyan chairs the EITI MSG of the Republic of Armenia.



³ <http://www.gov.am/files/docs/1950.pdf>

At meetings with journalists, interviews, discussions and other events involving the mining sector, Davit Harutyunyan has presented the essence of the EITI as a coalition of governments, extractive companies and civil society which allows to increase the transparency of business operations in the extractive sector and to ensure enabling competitive conditions. He has also highlighted the importance of EITI implementation in responsible development of the mining sector. In particular, during his interview to *Hraparakum* TV program⁴ the Chair of the Armenian EITI Multi-stakeholder Group presented Armenia's EITI candidacy and the MSG formation processes, the importance and benefits of joining the Initiative in terms of ensuring the transparency of the mining sector in the national economy and increasing its investment attractiveness.

Three meetings of the Armenian EITI MSG were held during 2016, which were chaired by Davit Harutyunyan. Their minutes are published at the Extractive Industries Transparency Initiative page of the RA Government website⁵.

On November 25, 2015 the delegation of the Republic of Armenia participated in the launch of the first EITI Report of Tajikistan and the Regional Cooperation Development Conference held in Dushanbe, Tajikistan. The Armenian delegation also participated in the EITI's 7th Global Conference held on February 24-25 in Lima, Peru. On March 3, 2016 Davit Harutyunyan had a meeting with Jonas Moberg, head of the EITI Secretariat during which issues related to implementation of the EITI Standard in Armenia were discussed. The RA Government Staff also had meetings with the EITI secretariat regional officer and the EITI consultant from the World Bank Washington headquarters.

As part of the Enhanced Transparency in the Mining Sector Project, in May 2016 the RA Government Staff hired an expert to assist in efforts towards implementing the required steps under the EITI Standard for submission of the RA EITI candidature application and activities associated with the MSG operations.

EITI Requirement 1.3

The government is required to commit to work with civil society and companies, and establish a multi-stakeholder group to oversee the implementation of the EITI.

⁴ <https://www.youtube.com/watch?v=pFnKjvfX8KI>

⁵ <http://www.gov.am/en/msgmeeting/>

As part of the process of implementing the EITI Standard in Armenia, in December 2015 the RA Government Staff conducted several meetings at the marz (province) level with civil society representatives in conjunction with the World Bank⁶. These meetings aimed to elucidate and discuss the process of Armenia's accession to the EITI, present the EITI's role in the Armenian mining sector, its impact on the national economy and the possible ways by which the potential of the civil society, business sector, educational and academic institutions can be leveraged to support the process of implementation of the Initiative in Armenia. During the meetings the Government presented the anticipated structure of the Multi-Stakeholder Group (MSG), i.e., the body responsible for overseeing the EITI implementation process, the number of its members by constituencies, the MSG's core functions, as well as the EITI Standard requirements for nominating candidate members from mining companies and the civil society, as well as the deadlines for nominating the MSG members. The meetings were held in the Aarhus centers in Vayots Dzor marz (Yeghegnadzor town), Syunik marz (Kapan town) and Lori marz (Vanadzor town), and in Yerevan. On December 11 and 14, 2015 the RA Government Staff organized consultations with representatives of CSOs and the business community. In addition, consultations were conducted with representatives of the metal extraction companies' constituency during which issues related to the readiness of mining sector companies to participate in the EITI process, their involvement in the MSG, procedure for nominating MSG members from the mining sector constituency were discussed.

With the guidance and coordination of the AUA Responsible Mining Center, civil society representatives have been conducting regular meetings at the AUA Responsible Mining Center⁷ for discussing, inter alia, issues related to involvement in the EITI MSG of the Republic of Armenia, impact of the EITI implementation in Armenia, development of national priorities in the EITI context. All meetings are transcribed and published in the respective webpage of the Responsible Mining Center with a view to ensure the awareness of civil society representatives and the transparency of activities of the MSG members representing the civil society constituency under the EITI.

During meetings with the preliminarily nominated MSG members held at the office of the RA Government Staff several issues raised by the constituencies concerning the EITI implementation process, the MSG operations, authorities of the MSG members, decision-making within the MSG were discussed and agreed upon.

⁶ http://aarhus.am/?page_id=13432

⁷ <http://crm.aua.am/eiti/>

Based on the experience of the EITI candidate and compliant countries, and having in mind the objective of effective organization of the MSG operations and its working flexibility, it was decided that the Armenian EITI MSG would comprise 15 members. Later on, during the process of developing the terms of reference (ToR) of MSG, it was decided that each MSG constituency should have at least one alternate member but, however, their number should not exceed the actual number of members from each constituency.

Per the RA Prime Minister assignment, the respective ministries provided their recommendations concerning the members who represented the RA Government constituency in the RA EITI MSG. Deputy ministers of the ministries exercising authorities in the mining sector represent the RA Government in the Armenian EITI MSG. By following their established procedure⁸, representatives of mining companies and the civil society of the Republic of Armenia organized the process of electing and nominating the MSG members representing their respective constituencies⁹. Mining sector organizations nominated their constituency representatives in the Armenian EITI MSG on March 1, 2016. The civil society nominated its constituency members in the Armenian EITI MSG (including the MSG member from the academia) on June 14, 2016.

The EITI MSG of the Republic of Armenia comprises fifteen members from the constituencies of the RA Government, mining sector business community and the civil society with the following structure:

- Six representatives from the Government of the Republic of Armenia;
- Four representatives from mining companies;
- Five representatives from the civil society, including one from academia.

With the support of partner donors, during 2016 four training seminars were organized with the participation of international experts for the purpose of increasing the capacities of the MSG members.

On March 22-23, 2016 with the support of the British Embassy in the Republic of Armenia, Miles Litvinoff, national civil society coordinator of the UK EITI Multi-Stakeholder Group conducted training on increasing the EITI capacities in Armenia. Miles Litvinoff was

⁸ Procedure for election of candidate members of the Armenian EITI MSG representing the mining sector organizations http://www.gov.am/u_files/file/ardyunaberakan-cragir/Mining_Companies_procedure.pdf, Procedure for election of candidate members of the Armenian EITI MSG representing the civil society http://www.gov.am/u_files/file/ardyunaberakan-cragir/Civil_Society_Procedure.pdf

⁹ <http://www.gov.am/en/eitimg/>

invited to the *Interview* program of the RA Public Television Channel¹⁰ and presented the advantages and opportunities from which Armenia would benefit by joining the EITI.

With the support of the World Bank, on May 27-29, 2016 a workshop on building EITI capacities and mutual trust was organized in Hankavan, which was facilitated by Tatiana Sedova, an invited expert. During discussions the three MSG sub-groups built consensus around a number of key issues of MSG operations and agreed on the deadlines for nominating the MSG members.

On September 19 and 20, 2016 the ‘Mine Inspection and Reclamation Bonding’ course¹¹ was administered. It was organized by the RA Government Staff with the support of USAID for members of Armenia’s EITI Multi-Stakeholder Group and several mining specialists. The course was facilitated by Ruth Seager and Sony Thornborrow, experienced specialists from the *US Forest Service* organization of the US Department of Agriculture. Discussions were organized on the presented international and locally applied procedures, existing problems and their possible solutions. On the second day of the course the participants had a study tour to Sotk Gold Mine.



On November 8-9, 2016 Jeremy Witt, expert from *Adam Smith International* visited Armenia with the support of the British Embassy who provided advice to Armenia’s MSG members on preparation of the EITI work plan¹². In the course of the training the Armenian EITI MSG embarked on the development of Armenia’s EITI two-year work plan.

¹⁰ <https://web.facebook.com/britishembassyerevan/videos/10153402143945811/>

¹¹ https://www.facebook.com/pg/USAIDArmenia/photos/?tab=album&album_id=1282453495109283

¹² <https://www.facebook.com/britishembassyerevan/posts/10153925573265811>

On June 27, 2016 the first meeting of the Armenian EITI Multi-Stakeholder Group took place¹³ during which the MSG decided on the schedule of the MSG forthcoming activities, namely, the timing for the development and approval of the RA EITI MSG ToR, the EITI work plan and the RA EITI candidature application of the Republic of Armenia. It was decided that during the initial stage the EITI framework should include the metal mining industry.



The Armenian MSG members Khachik Hakobyan, Armen Stepanyan and Erik Grigoryan participated in the 35th EITI Board meeting and the Regional Workshop on Beneficial Ownership held on October 26-27, 2016 in Astana.

In August 2016 the draft ToR of the Armenian EITI MSG were developed by the EITI expert of the RA Government Staff and presented to MSG members for review. Two meetings with the MSG constituencies were organized in September 2016 during which comments of the MSG members on the MSG ToR were discussed. The Armenian MSG ToR were reviewed at the MSG meeting held on November 25, 2016 where it was decided to adopt it after having changed certain regulations. The MSG ToR¹⁴ was adopted by consensus at the MSG meeting held on December 26, 2016.

The composition of the EITI MSG of the Republic of Armenia was approved per RA Prime Minister Decree 1104-A on *Establishing Multi-Stakeholder Group for Accession of the Republic of Armenia in the Extractive Industries Transparency Initiative and Approving Its Composition* of November 24, 2016¹⁵.

¹³ http://www.gov.am/u_files/file/ardyunaberakan-cragir/MSG_meeting_minute_27_06_2016.pdf

¹⁴ http://www.gov.am/u_files/file/ardyunaberakan-cragir/MSG_TOR%20Armenia_Eng.pdf

¹⁵ <https://www.e-gov.am/decrees/item/16411/>



The first official MSG meeting¹⁶ chaired by the MSG Chair Davit Harutyunyan was convened on November 25, 2016. Representatives of foreign embassies in the Republic of Armenia, international donor partners, other attendees, and mass media were invited to the meeting. During the MSG meeting the timetable for the coming activities of the MSG, namely, the development and approval of the EITI National Priorities, the

two-year EITI work plan and the submission of Armenia's EITI candidature application to the EITI International Secretariat were discussed. The first official MSG meeting received a broad coverage by TV and on-line and printed press¹⁷.

¹⁶ <http://www.gov.am/en/news/item/8653/>

¹⁷ <https://www.youtube.com/watch?v=4BJNXNs-1Cc>,

<http://galatv.am/hy/news/171413/>

<https://www.youtube.com/watch?v=QE7gXRg43e8>

<https://www.youtube.com/watch?v=ZY4Ojk95bng>

<http://armenpress.am/eng/news/869352/first-session-of-eiti-multi-stakeholder-group-held-in-armenian-government.html>

<http://www.iragir.am/index/arm/0/country/view/143468>

EITI Requirement 1.4

The multi-stakeholder group is required to maintain a current workplan, fully costed and aligned with the reporting and Validation deadlines established by the EITI Board.

The process of development of the EITI National Priorities and Armenia's EITI work plan started in September 2016. The RA Government Staff reviewed the experience of several EITI candidate and compliant countries in preparation of work plan. During the workshop organized on November 8-9 the Armenian EITI MSG started the development of Armenia's two-year EITI work plan in collaboration of Jeremy Witt, an international expert.

At the MSG meeting held on November 25, 2016 the MSG decided to submit the EITI candidature application of the Republic of Armenia to the EITI International Secretariat by the end of 2016 and subsequently approved the time-schedule of the required activities. A



workshop was organized with the World Bank support on November 26-27 in Aghveran, Armenia during which the MSG discussed and identified Armenia's National Priorities, as well as the objectives of the EITI work plan consistent with the principles and requirements of the EITI Standard, and the list of required activities towards achieving these objectives. Several workshops were organized both within the MSG constituencies and the MSG as a whole to finalize the draft EITI work plan for its

approval at the next MSG meeting. On December 16, 2016 MSG members from the metal extraction companies organized a meeting with representatives of all companies engaged in metal mineral extraction during which Armenia's draft EITI work plan was presented and discussed.

On December 26, 2016 the year-end MSG meeting took place. At the meeting the MSG adopted by consensus:

- The ToR of the EITI MSG of the Republic of Armenia¹⁸,
- The 2017-2018 EITI Work Plan the Republic of Armenia¹⁹,

¹⁸ http://www.gov.am/u_files/file/ardyunaberakan-cragir/MSG_TOR%20Armenia_Eng.pdf

- The EITI Candidature Application of the Republic of Armenia.

It was decided that Armenia's first EITI report would be prepared for 2015-2016 fiscal years, and metal ore extraction companies should provide reports for the EITI Report of Armenia.

The Armenian EITI MSG has identified the below National Priorities:

1. Ensuring awareness about the mining sector
2. Increasing the transparency and accountability of the mining sector
3. Enhancing the culture of responsible mining by using best international practices and improving legal regulations
4. Improving the competitive investment environment for responsible investors
5. Building institutional capacities of the sector stakeholders.

The 2017-2018 EITI Work Plan of Armenia singles out 6 objectives and identifies the activities required by the EITI Standard, as well as the ones aimed to enhance the culture of responsible mining in the Republic of Armenia based on international best practices, implementation timeframe of the activities, required funds and sources of financing. The MSG and RA Government are committed to actively cooperate with partner international organizations in the area of effective implementation of the activities set by the work plan.

All documentation approved by the MSG and information about activities towards implementation of the EITI in the Republic of Armenia are available on the EITI page of the official website of the Republic of Armenia.

¹⁹ [http://www.gov.am/u_files/file/ardyunaberakan-cragir/EITI_Workplan_Armenia_eng\(1\).pdf](http://www.gov.am/u_files/file/ardyunaberakan-cragir/EITI_Workplan_Armenia_eng(1).pdf)

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