

GOVERNMENT OF THE REPUBLIC OF ARMENIA

DECISION

No 65-A of 8 February 2019

ON THE PROGRAMME OF THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

Pursuant to Article 151 of the Constitution of the Republic of Armenia,
the Government of the Republic of Armenia *decides*:

To approve the Programme of the Government of the Republic of Armenia pursuant
to the Annex and submit it to the National Assembly of the Republic of Armenia.

PRIME MINISTER
OF THE REPUBLIC OF ARMENIA

N. PASHINYAN

February 2019

Yerevan

Annex

to Decision of the Government
of the Republic of Armenia No 65-A
of 8 February 2019

PROGRAMME OF THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

REPUBLIC OF ARMENIA

February 2019

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1. MAIN GUIDELINES FOR ACTIVITIES OF THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

During the upcoming five years the activities of the Government of the Republic of Armenia (hereinafter referred to as "the Government") will be aimed at building competitive and inclusive economy in the Republic of Armenia that complies with high-technology, industrial, as well as high environmental standards and is export-oriented.

To achieve this goal, the following are of key significance:

- ensuring external and internal security of Armenia, guaranteeing and continuously strengthening the security of Artsakh;
- protection of human rights, continuously improving the level of well-being by way of ensuring favourable conditions for a human being to freely engage in creative work, live decent and happy life;
- democracy, development of democratic institutions, rule of law, equality of all people before the law, independent judicial system, introduction of effective mechanisms of checks and balances;
- consolidating the human, economic, financial, intellectual potential of the Armenians around the goal of development of the Republic of Armenia;
- accountability and transparency of the Government, public rejection of corruption and corruption-free society;
- effective separation of politics from business, universal accessibility of economic activities, attractiveness of the investment environment, encouraging employment and investments;
- encouraging education and healthy lifestyle;
- overcoming poverty through work and education;

- increasing the effectiveness of state expenditure and property management;
- protection of the rights of national minorities.

The objectives of the Government are:

1. *Enhancing the opportunities of economic activities*, including:

- promoting entrepreneurship, business, innovation, encouraging employment and creativity also by enhancing the accessibility of funds;
- simplifying the state regulations to the maximum extent, reducing time and financial burden for business based thereon;
- removing the regulations constituting obstacles to the business, simplifying tax and customs policies;
- improving the investment environment, increase in private investments;
- creating favourable conditions for private entrepreneurial activities, full-fledged protection of the capital;
- economy integrated into foreign markets — continuous growth in export volumes;
- developing the business community outside Yerevan through targeted policy and differentiated approaches.

2. *Increasing the effectiveness of state administration*, including:

- identifying overlapping functions — reducing slow, inefficient, undue bureaucratic procedures, centralising and combining similar functions performed in different state institutions and subdivisions, assessing costs of functions and making continuous reforms aimed at reduction of expenses;

- separating the policy development, function digitisation and programme implementation functions within the administration system, introduction of a complete electronic document circulation system;
- modernising, automating and digitising the services provided by the State — establishing, by means of application of "one-stop shop" principle, a unified centre for provision thereof, as well as application of "only once" principle, which will enable to receive any data from the citizen only once due to exchange of data between State bodies;
- cost-effective management of public finances, including credit and grant programmes, development and improvement of the systems of effective management of State debt by setting the goal to direct the borrowed funds to the development of human potential and infrastructures ensuring added value which will later provide additional opportunities for increasing the volumes of export and for economic growth;
- introducing fair and transparent system of state procurement, including introduction of effective system of procurement of goods and services in the right time and in proper volume by substantiating their necessity, excluding the practices of conflict of interests;
- ensuring merit-based recruitment and promotion within the system of state service;
- re-inventory, uniform record-keeping and further effective disposal of unused immovable and movable property, as well as immovable property used for commercial purposes (receiving profit) and shareholding;
- institutionalisation of participatory governance by way of ensuring the real involvement of beneficiary groups;

- automation, standardisation and algorithmisation of state functions, as well as delegation of performance of standard functions, automation of issuance of licences and permits, acceptance of reports;
- strengthening the capacities of the national statistical system;
- introducing requirements for submitting by state institutions and organisations reports conforming to the international standards and undergoing independent audit;
- ensuring a policy based on regulatory impact assessment and analyses, in particular, each decision of the Government, prior to its implementation, will be subjected to "regulatory impact assessment", which will allow to perceive in advance the impact of those decisions on the economy in general and its separate directions in the mid-term and long-term perspective;
- switching to a model of developing a policy based on strategic planning and analysis of facts and data;
- ensuring more secure environment for the society and consumers through more effective management of inspection bodies, protection of interests of consumers: in this regard, ensuring balance between lawful interests and rights of the State, society and economic operators is extremely important;
- introducing new and modern methods of supervision, simultaneously increasing the level of accountability and transparency of supervision bodies. The supervision carried out by the State must not imply undue intervention in the activities of economic operators; it aims at contributing to the establishment of foreseeable and competitive business environment. In this regard, the simplification and modernisation of regulations in certain areas, as well as introduction of efficient appeal mechanisms are extremely important.

3. *Developing the human potential*, including

- encouraging the education, ensuring a quality education, internationalising the education;
- developing the professional potential required for structural changes in the economy through modernisation of the areas of education and science;
- protection of the rights and dignity of persons with disabilities and ensuring their social inclusion;
- modernising and improving the sector of healthcare, ensuring the availability and accessibility of quality healthcare services, introducing the system of health insurance;
- development of the field of social protection by improving the targeting;
- ensuring demographic stability and development, promoting births;
- removing the legislative prohibitions on involving the representatives of the Diaspora in the governance of the Republic of Armenia.

4. Developing reliable infrastructures and enhancing accessibility thereof, including

- continuously improving the quality of roads of the Republic of Armenia, introducing a system of assurance of quality of road construction works complying with international standards and a system of automatic control over the maintenance and day-to-day operation of roads;
- developing renewable energy and energy-saving systems;
- modernising the management of water systems and implementing programmes of support for modernisation of irrigation systems;
- introducing an insurance system for agriculture;

- introducing an on-line automatic system of immovable property operations and unified integrated cadastre system of spatial data and ensuring accessibility thereof.

2. ENSURING THE EXTERNAL AND INTERNAL SECURITY

The most important prerequisite for ensuring the external and internal security of Armenia is the formation of a flexible tool kit for foreign, national, and defence policy based on the comprehensive evaluation of the security environment which will provide an opportunity to create a stable and foreseeable environment for bringing the political priorities of the Government into being and build sufficient capacities for the guarantees for ensuring the external security.

For building the above-mentioned capacities there already exists an atmosphere of national unity based on rule of law and democratic values, Government enjoying the people's confidence which allows to consolidate the whole national potential for developing the armed forces and enhancing the combat readiness thereof, strengthening the inviolability of frontiers, ensuring the internal security and increasing the effectiveness of the foreign policy. It is the very atmosphere that strengthens the realisation of the need for engagement of the Armenian nation in whole in ensuring the protection and security of the motherland and the real and effective army-society connection. In parallel, it is this atmosphere that creates favourable conditions for raising the legal consciousness of the citizens, building confidence in law-enforcement bodies, effective cooperation between citizens and law enforcement bodies.

The existence of the above-mentioned conditions also enables to strengthen the sovereignty of the State and to uphold the good reputation of the country, creating more favourable conditions from the point of view of protecting the State interests in the international platforms.

2.1. POLICY IN THE FIELD OF DEFENCE

The most important means of ensuring the defence of the Republic of Armenia is the establishment of the defence system which has capable armed forces, is apolitical, constantly improving, modernising concurrently with the developments in the military art and science, efficiently employing the favourable military and political opportunities, current achievements in the military industry and military science, extensively involving the society and is under the democratic and civil supervision.

The Government has set an aim to enhance the defence capacity of the State so that it is equivalent to the evaluated (foreseen) level of military threats and the nature of possible war to withstand and prevent the armed attack against the Republic of Armenia, and in times of war — to suspend the military operations at the earliest stage possible and on the conditions favourable for the Republic of Armenia.

For this purpose, the next cycle of the strategic review of defence will be conducted which allows to establish the tasks and objectives of strategic planning of defence based on comprehensive evaluation of the security environment, existing and possible military threats, available resources and means for their neutralisation.

Taking into consideration the fact that the challenges faced by our country are long-term, the Government, for the upcoming five years, will maintain a great number of armed forces disproportionate to the population and resources, considering the ongoing improvement of the complementary system of fixed-term compulsory and contractual military service as one of the most important issues and managing the activities of the armed forces and development thereof under the principles of increase in the level of readiness and more care for the people.

The Government attaches importance to the coordinated activities of the state and local self-government bodies, organisations in the fields of mobilisation preparation and civil defence, as well as to the improvement of effectiveness of planning and control mechanisms in those fields. From the point of view of increasing the defence

capacity of the State priority will be given to the readiness of the armed forces of the Republic of Armenia to accomplish military missions with the available forces and means through the professionalism of the personnel, effectiveness of the arsenal and international liaisons and physical, psychological and mental excellence on the battlefield.

The Government will enhance the readiness of the Armed Forces of the Republic of Armenia with institutional effectiveness of the field of defence as a token for generation of combat power and formation of future forces. Our general competitive advantage are the people guided by the sense of mission, therefore we will spare no effort and energy to ensure favourable conditions for service and decent remuneration for them.

Consistent steps will be taken to replace the sense of duty with the perception of mission among the professional staff and conscripts within the whole State system and especially in the army. It is this perception that must guide the employment of human, material, financial and other resources allocated by the society and State for the security of the State and society with maximum efficiency. For that purpose the Government intends to introduce improved mechanisms of management and enhancement of resources which, apart from ensuring more effective solutions, will contribute to toughening up the fight against corruption.

By establishing new standards for improving the combat mastery of the staff, the Government aims at replenishing the armed forces with modern high-accuracy missile strike, artillery attack and air defence complexes, multi-faceted aviation, as well as automated and robotised air and ground systems, thus increasing the distance, accuracy and effectiveness of the reconnaissance with the required depth, troop movement and fire engagement. The most important component of ensuring the security will be the development of the domestic military industry; the consistent replenishment of the frontline with technical means and improvement of the effectiveness and safety of combat duty will remain in focus.

Measures will be taken for the system of the management of the armed forces to be mostly automated, have sufficient operability to conduct modern military operations, viability, mobility and technological dominance and equipment, as well as necessary capacities for ensuring the cyber security, be guided by the management and administration principle of "Commanding through a task" aimed at promoting initiative, quick-wittedness, decision-making and acting.

For the purpose of developing the human capital the reforms in the fields of staff management, education and training will be aimed at raising the educational and intellectual level, involving to the extent possible the capable forces of the state administration and civil society and best using the available professional resources. The Government will bring to life the policy of official on merit-based promotion and interrelated to educational standards and develop the system of professional non-commissioned officers.

It is envisaged to essentially improve the level of moral and psychological readiness, discipline, protection of human rights in the armed forces, to rule out cases of non-statutory relations.

The Government envisages to develop the social protection system of military servants and their family members, guarantee the complete provision with high-quality items and food. Housing and medical service programmes are envisaged to be implemented to raise the level of social protection, attractiveness of the military service.

For the purpose of expanding the opportunities of current procedures of international cooperation achieved within the scope of the policy of the field of defence and collective security, the Government envisages to develop bilateral and multilateral military and political alliances and partnerships, by maintaining the balance of formation of relations deriving from the national interests of the Republic of Armenia and based on the military and political commonalities.

2.2. INTERNAL SECURITY

The primary issues in the field of ensuring the internal security include continuous decrease in criminality, continuous increase in disclosure of committed crimes.

In this matter, the most important conceptual priority is the development and strengthening of the new culture of cooperation between citizens and law-enforcement bodies, for which the steps below are necessary to take:

- to raise the level of reliability of law-enforcement bodies and judicial system by way of excluding corruption and developing the culture of communication with citizens (ongoing structural and substantial reforms in law-enforcement bodies are also important for redressing this issue);
- to raise the level of legal consciousness of the citizens in ensuring the public safety which will contribute to the development of the perception by each citizen of his or her own role and responsibility in ensuring public safety and excluding the criminal mentality in public life;
- to ensure, through introduction of efficient mechanisms, public oversight over the law-enforcement bodies.

In terms of ensuring the public safety the concept of violence-free public is of key significance. For the purpose of raising the level of social solidarity, the Government intends to undertake efficient measures for reducing and excluding the cases of violence in all fields of public life.

One of the priorities in ensuring the internal security is increasing the effectiveness of the state administration system. In this context importance is attached to the enhancement of the role of the civil society in the supervision over the preparation of decisions, development of a state policy in the state administration bodies and their implementation.

In ensuring the internal security the Government aims to enhance the food safety of the country by ensuring safe and proper processes of food production, re-processing and distribution, which, *inter alia*, will contribute to increasing the food production and raising competitiveness in foreign and domestic markets.

The Government pursues an aim to strengthen the level of biological safety of the population by introducing a unified state policy for fight against epidemics, risks management and increased resilience.

The priorities of the Government include ensuring the safety of facilities and infrastructures of strategic importance in the Republic of Armenia, resolving the issues with respect to increasing the level of safety and implementation of measures deriving therefrom.

With a view to effective management of the state reserves it is necessary to implement to the maximum the measures for providing funds for the maintenance, update, service and modernisation of the state reserves of tangible values. In order to effectively implement the former it is necessary to introduce flexible management mechanisms and ensure their regular improvement in line with current challenges.

The Government attaches importance to the effective prediction and early warning of natural and man-made disasters, improvement of the system of quick response thereto, raising awareness and the level of knowledge of the population in emergency situations.

The Government will continue the effective fight against domestic and transnational organised crime, in particular, implementation of set of measures in the fields of illicit trafficking of narcotic drugs and psychotropic substances, trafficking in and exploitation of human beings, fight against terrorism and money laundering.

In this area priority steps will include targeted and effective distribution of state resources, especially conducting of coordinated actions with the involvement of

enforcement agencies, continuous re-equipment, of border check-points and raising the level of technical equipment, deepening of the international cooperation, as well as improvement of the legislation regulating the field.

Ensuring the security of an individual, the public and state in the cyberspace and ensuring the security of information infrastructures are of special importance for the Government.

2.3. FOREIGN POLICY

When conducting the foreign policy, the Government is guided by the collective interests of the Republic of Armenia and the Armenian people.

The foreign policy of the Government is aimed at the protection of sovereignty of the Republic of Armenia, ensuring the security of Armenia and Artsakh, enhancement of international reputation of Armenia, ongoing development of mutually beneficial and equitable relations, increasing the level of involvement of Armenia in international and regional processes, deepening of cooperation in bilateral and multilateral formats — sustainable development and modernisation of the economy of Armenia, ensuring access to new markets and promotion of foreign investments in Armenia and Artsakh.

The principal priorities of the foreign policy of the Government are ensuring the international and regional security and peaceful settlement of conflicts, international and regional cooperation for sustainable development, protection of human rights and fundamental freedoms, deepening of democracy, prevention of the crimes against humanity.

In the field of foreign policy the Government will act:

- towards exclusively peaceful settlement of the Karabakh conflict within OSCE Minsk Group Co-Chairmanship format, which must be based on the fundamental principles of the international law, in particular right to legal equality and self-determination of peoples. The status and security of Artsakh are the priorities of Armenia in the negotiation process.

The existence of environment conducive to peace, including enhancing confidence and security measures, reducing the risks of conflict escalation, abandoning aggressive rhetoric are of essential significance for the effectiveness of negotiations.

The Government reaffirms that Artsakh, as the main party to the conflict, must have a decisive voice and participate in the resolution process aimed at establishing real and long-term peace;

- towards ensuring the uninterruptedness of the process of the international recognition, condemnation of the Armenian Genocide. Recognition of that crime against humanity will promote the security, stability and solidarity between the peoples of the region, as well as prevention of crimes.
- towards the economic development of Armenia, by promoting sustainable development agenda, relevant, knowledge-based, creative and innovative initiatives, programmes and processes. In this field, the endeavours of the Government will also be aimed at the increase in foreign direct investments, exchange of international best practices and experience, identification of new markets and increase in export, promoting tourism to Armenia, increasing effectiveness of the economic component in the activities of intergovernmental commissions, full-fledged involvement of the business potential of the Diaspora, promoting economic interests of the Republic of Armenia within international economic integration structures;

- towards strengthening the democratic institutions in Armenia and in the international arena, enhancement of the protection of human rights and fundamental freedoms, further promotion of the rule of law and good governance, by closely cooperating in this sphere with relevant international organisations and structures;
- towards ensuring the international peace and security, including through non-proliferation and arms control, fight against terrorism and transnational threats, as well as through international peacekeeping;
- towards the prevention of genocide and crimes against humanity, by continuing to play the role of a pioneer in the international endeavours in this matter. In this regard, the Government will continue to also pursue the international fight against discrimination on the grounds of national and ethnic origin, religion and race and manifestations of intolerance;
- towards strengthening the identity of the Armenian people, preserving and making public civilisational values and historical and cultural heritage. The Government attaches importance to the need to enhance the cultural and scientific and educational ties, people-to-people contacts and public diplomacy as a means of strengthening the friendship between peoples, in the realisation of which the Diaspora also has its own role;
- towards protection of the rights and interests of the citizens and legal persons of the Republic of Armenia in foreign states, providing assistance to compatriots in emergency situations.

The Government will actively work:

- towards ensuring the active and initiative participation of Armenia in the Eurasian Economic Union and Collective Security Treaty Organisation by also contributing to the increase in effectiveness of those organisations;

- towards developing the strategic and allied relations with the Russian Federation, considering this purpose among our general priorities. Armenia-Russia relations are based on the friendship, legal equality, willingness to solve the issues through joint efforts. The Government considers the military cooperation between the Russian Federation and the Republic of Armenia as an important component of the system for ensuring the security of Armenia;
- towards consistent development of the friendly partnership with the United States of America. The Government has set an aim to deepen the cooperation with the United States of America for supporting the agenda of development of Armenia and reforms and advancing the dialogue aimed at the regional stability;
- towards deepening the friendly relations and expanding partnership with the EU, its member states and other European countries. The implementation of the Comprehensive and Enhanced Partnership Agreement is considered as a significant factor promoting the agenda of reforms of the Government for the development of Armenia. The Government will continue to take steps for ensuring the EU visa liberalisation for the citizens of the Republic of Armenia;
- towards developing special good neighbourly relations with Iran and Georgia which would be free from other geopolitical influences to the extent possible;
- towards achieving greater multi-sectoral cooperation with China specific to the friendly relations and expanding it, developing and deepening the friendly and mutually beneficial cooperation with India and Japan;
- expanding the cooperation with the partner countries of the Near East;

- developing cooperation with American, Asian, African and Pacific states.

On the multilateral platforms the Government attaches importance to:

- more active participation of Armenia within the UN, OSCE, COE and other international organisations and protection of the interests of the Republic of Armenia, including in the fields of security, sustainable development and human rights;
- active involvement in cooperation within the CIS, including development of bilateral relations with the CIS countries;
- continuation of the political dialogue with NATO, consistent implementation of the Individual Partnership Action Plan;
- deepening of the engagement of Armenia in the International Organisation of the Francophonie, chairing by Armenia at OIF at top level.

2.4. TIES WITH THE ARMENIAN DIASPORA

Armenia-Diaspora comprehensive cooperation will be aimed at the preservation and development of the identity, civilisational values, historical and cultural heritage of the Armenian people, enrichment of the pan-Armenian unified agenda in Armenian communities all over the world based on the principles of respect for community diversity, solidarity, interrelation.

The Government:

- adopts a policy of creating and developing pan-Armenian networks in the scientific, professional, educational and cultural, economic and other fields;
- attaches importance to the full-fledged involvement of the potential of the Diaspora in the development of Armenia, enhancement of the bridging role

for sustainable relations between the Armenian communities of the Diaspora-country of residence and Armenia, implementation of such measures and programmes for deepening and expanding Armenia-Diaspora cooperation that will contribute to the participation of the Diaspora in the public life of Armenia;

- considers as a priority the promotion of repatriation, as well as support to the process of integration of Diaspora Armenians in Armenia;
- attaches importance to the strengthening of pan-Armenian national, spiritual, scientific and educational, cultural and other institutions and their role in the resolution of pan-Armenian issues and will make efforts to establish a representative organisation representing the Diaspora.

3. FIGHT AGAINST CORRUPTION

The Government is convinced that corruption is one of the phenomena having the most destructive impact on life of the society and the State, therefore, fight against corruption is one of the main priorities, and the Government will be determined, persistent, uncompromising and intolerant in this fight. Special importance is attached to revealing the causes giving rise to corruption and implementation of activities aimed at their elimination.

The Government, within the possibilities provided by the legislation of the Republic of Armenia, will lead uncompromising fight against corruption while expecting broad public support and cooperation with law enforcement bodies. Corruption must fall into broad public disdain. Officials having acquired their property from non-transparent sources must, parallel to the punishment prescribed by the legislation of the Republic of Armenia, fall into public contempt and censure.

For the effectiveness of the fight against corruption it is necessary to guarantee the implementation of the principle of checks and balances, minimise the possibilities of application of dual approaches in the legislative regulations, as well as to introduce a new toolkit. Moreover, the fight must be conducted both through implementation of strategic measures and development, as well as transformation of the institutional anti-corruption system. From the point of view of institutional anti-corruption system, importance is attached to the establishment of a specialised anti-corruption body provided with, independence guarantees, which will conduct investigations, will be vested with a toolkit necessary for disclosing corruption-related crimes. At the same time, the simplification and elaboration of legal regulations of different fields may be of essential significance.

For the purpose of recovering assets illicitly exported from Armenia, the Government intends to revise the legislation of the Republic of Armenia pertaining to the institution of asset recovery and strengthen the international cooperation.

3.1. TRANSPARENCY OF ACTIVITIES, PROPERTY AND INCOME OF PERSONS ENGAGED IN PUBLIC SERVICE

One of the prerequisites for the growth or prevention of corruption is the involvement of State leaders, legislative, executive and judicial powers, high-ranking representatives of local self-government bodies in the corruption system, or, correspondingly, their rejection of corruption systems. Accordingly, non-involvement of the ruling elite in corruption systems practically guarantees defeat of political corruption. The Government is determined in ensuring these prerequisites.

Thus, the establishment of equivalent mechanisms of transparency and accountability for the real public oversight over the activities and property of State leaders, persons engaged in the public service prescribed by the Law of the Republic of Armenia “On public service”, their family members and close relatives is of major importance in the

prevention of corruption. For excluding their involvement in corruption practices it is also necessary to make certain legislative innovations, of which special importance is attached to the following:

- introduction of such a new system, according to which persons seeking to hold a State position of the Republic of Armenia and those holding such positions will authorise the relevant authorised body, by a notarial certification, to search for and receive, on their behalf, information on the availability of accounts in their names, movement and balance thereof from the date of their creation, as well as on the availability of movable and immovable property, securities in their names in any bank and financial organisation of the world, in the territory of any country. Persons refusing to issue such a letter of authorisation must not be able to hold a high-ranking position;
- expansion of the list of data on declarations of property, incomes and interests of officials subject to publication (names of income payers, country of location of property, etc.), ensuring effectiveness of prevention and identification of corruption;
- introduction of a new system according to which the relevant anti-corruption body will have a competence to verify the observance (non-observance) of the rules of integrity by persons seeking to hold a State position of the Republic of Armenia, who are subject to appointment, and their involvement (non-involvement) in corruption offences and, thus, submitting a relevant consultative conclusion on the appropriateness of the appointment to the person competent for appointing the given person.

3.2. PUBLIC ADMINISTRATION

The excessive system of State administration, with its unjustified scope of visible and invisible bodies, overlaps in functions and fields, ineffectiveness caused thereby, uncertainty of liability mechanisms, is an unjustified burden for taxpayers and most serious obstacle to raising competitiveness of Armenia. We need a cost-efficient, dynamic, flexible and competitive State administration system.

In this regard, the Government will continuously identify the overlapping functions of all State agencies, and as a result of optimisation thereof, cost-efficiency of State agencies and effectiveness of their activity will be raised.

Based on the results of the reform of performance evaluation system, the State machine will be reduced contributing to proper management of state resources.

As a result, balancing of competences and obligations of the Government members, clarification of the liability for outcomes of programmes will be ensured.

Key approaches of the Government with regard to the main issues existing in the public administration system are the following:

1. With regard to the general and sectoral policies:
 - for any initiative, function, programme, measure final and target (annual) non-financial indicators, including time limits, must be prescribed that will express the substantial interrelatedness of functions, programmes of both Government and separate bodies and their outcomes, will be measurable and comparable. The targeting of the outcomes — the fact that they are intended for the citizens of the Republic of Armenia and/ or other beneficiaries-must be clearly displayed. The redistribution of public funds (benefits), including the objectives of expenses incurred and programmes implemented, results and their evaluation criteria must be available and comprehensible for the Government, National Assembly of the Republic of Armenia, citizens and other members of the society;

- the objective defined for any function or programme (non-financial indicator) must ensure additional and targeted value (outcome) and must derive from policy targets.
2. With regard to management of state resources:
- resource management must be carried out in an efficient, rational and saving way.
 - any public body or organisation, irrespective of organisational and legal or other peculiarities, must function within the scope of certain powers prescribed by law, implementing functions corresponding to the objectives of the given body and deriving therefrom; there must not be overlaps, alternative, parallel, substitute or hidden systems and/or functions not specific to the given body. Moreover:
 - policy-related functions must be consolidated and implemented within the structure of State bodies as specialised subdivisions;
 - with respect to auxiliary, service, supporting and other specialised functions, the possibility and feasibility of outsourcing to the private sector must be considered. In case it is impossible or not feasible, such functions must be organised through the relevant subdivisions operating within the staff of the given body, excluding the implementation of similar functions by several units, including by several units of staff positions and subdivisions. For these purposes, the State must refrain from the establishment of new PIUs, SNCOs, Foundations, CJSCs and other structures, and the activities of the present structures must be terminated (dissolve, consolidate or otherwise terminate the state participation), unless the necessity of their establishment or existence is not substantiated under the mentioned approaches;

- undue and risky regulations, possibility of making arbitrary decisions on similar issues must be excluded.

As a result, where no additional and targeted outcome is defined with regard to any function being implemented, or where it is not guaranteed that the management of resources is effective, rational and economical, such function (programme) must not be implemented and initiated; it must be terminated or suspended until providing the mentioned conditions.

For the purpose of ensuring transparency and accountability of public administration, overcoming the administrative corruption, importance is attached to restriction to the extent possible of citizen-state contact through introducing electronic tools in the field of providing services by the State, ensuring transparency, accountability of the activities of State bodies, non-changeability, uniformity and automation of data which will increase the reliability and completeness of the information used when making decisions.

3.3. TRANSPERANCY OF ECONOMIC ACTIVITIES

The important tools of the fight against corruption include also disclosing actual owners of the legal persons having received state registration and carrying out activities in certain fields prescribed by law, as well as introduction of general and publicly accessible information platform thereon, ensuring the accessibility of data on the actual owners. The Government intends to develop a road-map for introducing such platform.

It is also necessary to review the mechanisms for making the information on legal persons having received state registration available in the Unified State Register accessible to public, by eliminating the condition for paying state duty provided for by law for the media registered in the prescribed manner and by ensuring freedom of reliable and complete information on issues concerning public interests.

4. FREE, DIGNIFIED AND HAPPY CITIZEN

4.1. EQUALITY OF ALL BEFORE THE LAW, JUSTICE AND PROTECTION OF HUMAN RIGHTS

For many years one of the most important factors hindering the development of the Republic of Armenia and having a dignified and happy citizen was lack of justice, which was expressed in the existence of privileged strata, groups and individuals in various fields, their permissiveness and impunity with respect to law and rights of others.

The key factor of solving the issue of equality of all people before the law is the political will of the Government. The Government, enjoying the confidence of the obvious majority of the citizens of the Republic of Armenia and acting on their behalf, affirms its will to ensure the equality of all people before the law.

The most important prerequisite to ensure the sense of justice and equality of all people before the law is independent and effective justice system full of professionals.

The analysis shows that in the Republic of Armenia the main obstacle to the judicial system has been unlawful instructions given from the circles of the authorities to the courts. This instruction mechanism enabled the judges not to be liable for the judicial acts as those acts were, *per se*, rendered in the upper circles of the authorities, and the judges in fact only signed them. The Government excludes the practice of unlawful intervention in the activities of the judges from the authority or any other circle. Parallel to this, the Government must be able to also exclude the possibility for judges to be guided by personal, material interest — a bribe.

It is also important to make efforts to improve the professional skills of judges. The Government is convinced that ensuring these three main conditions will naturally result in the establishment of effective, independent and quality judicial system.

The Government will draw up and bring to life a programme for judicial and legal reforms which includes measures aimed at ensuring access to and effectiveness of the judicial system to contribute to achieving the objectives of the justice system through innovative solutions. In order to ease the workload of courts, reduce the time limits for examining cases, ensuring the quality and access to and effectiveness of justice it is necessary to take steps for introducing incentives for practical applicability of alternative mechanisms of dispute settlement and provision of free legal aid. At the same time, the Government has set an aim to establish and put into operation a unified electronic system for bodies (courts, prosecutor's office, investigation bodies, police, etc.) included in the field of justice.

For the purpose of fulfilling the expectations of the citizens and business community with regard to the system of justice and improving the business environment, the procedural legislation must be continuously improved, reforms aimed at carrying out the compulsory enforcement of acts subject to mandatory enforcement with observance of the prescribed requirements, effectively, proportionally, within the shortest possible time limit, ensuring the rights of parties must be made in the field of compulsory enforcement.

The objectives of the Government include also review of legislative regulations providing for liability for administrative offences, taking into consideration the fact that the current regulations fail to reflect the objectives of the administrative influence. An administrative penalty must be imposed for shaping good behaviour of a person and preventing the commission of new administrative offences. Whereas this is not the case; administrative penalties are applied massively and serve for replenishing state, community budgets and even that of private entities, thus creating a climate of public mistrust towards the administrative action carried out by administrative bodies, contributing to the establishment of the practice of making by the superior administrative bodies partial decisions in detriment to a citizen, which, in its turn,

among other negative consequences, result in the great number of appeals through judicial procedure. In this regard, the society must cease to be a "society of punished people".

Measures will be taken also to introduce efficient mechanisms for ensuring the proper enforcement of decisions of the Constitutional Court of the Republic of Armenia and judgments of the European Court of Human Rights.

The Government will also take measures to promote the development of the fields of the profession of advocate, notary, registration of civil status acts, protection of personal data, e-justice.

The Government is determined also in establishing the principles of restorative justice; it follows from the mentioned principles that reforms carried out in the field of justice should imply a transition from traditional ideology of imprisonment to the ideology of re-socialisation and restorative justice.

In this context, the Government needs to undertake measures to envisage the legislative guarantees required for imposing punishments serving as an alternative to imprisonment and measures of restraint serving as an alternative to detention and to provide the means required for practical application of those guarantees, as well as encourage the application of such measures.

At the same time, attaching importance to unimpeded exercise of the rights of persons deprived of liberty, ongoing steps need to be undertaken to guarantee the fundamental rights of persons deprived of liberty, including for the purpose of strengthening the bond with the outside world, improving the conditions of confinement, increasing the quality of medical care and services provided to them and raising the level of effectiveness of the process of re-socialisation.

For the purpose of guaranteeing that everyone is equal before the law, preventing manifestations of discrimination, as well as exercising equal rights, the Government

will submit a comprehensive legislation on ensuring legal equality, which will provide each person with the opportunity to benefit from effective legal mechanisms in order to restore his or her violated rights.

4.2. POVERTY REDUCTION, SOCIAL PROTECTION AND DEMOGRAPHY

The policy of the Government on improving the living standard and social conditions of citizens and fully and effectively exercising social rights will be based on the principle of encouraging equal opportunities and employment. Employment and the creation of real opportunities for employment are the primary tool for poverty reduction.

The Government has set the goal to eradicate extreme poverty and essentially reduce poverty by 2023. To achieve this goal, encouraging education and employment among the poor layer of the population and implementing programmes promoting business will be crucial.

The introduction of a system of integrated social services will raise the level of effectiveness of management of the social protection system and improve the quality of social services, which will be ensured in line with the social needs of a family (person), through the provision of a package of various and integrated social services and capacity-building of personnel. A competitive environment will be shaped, alternative models of financing will be introduced and diversity of social services will be promoted by encouraging the entry of private organisations into the field of provision of social services.

Measures will be undertaken to ensure availability and accessibility of social services by expanding the scope of services that are provided on-line. The procedures for the provision of services will be improved, and the scope of information (data) that is automatically received from other information systems and used, will be expanded.

The amounts of state pensions will be raised periodically, ensuring progressive growth of the amount of the average pension against inflation. The funded component will also be reformed, encouraging the introduction of accrued pension funds in the Republic of Armenia.

The Government will also focus on the expansion of economic opportunities of women, as well as the creation of favourable conditions for the exercise of equal rights and opportunities of women and men.

The level of targeting of state programmes for regulation of employment will be raised, new programmes aimed at raising the level of competitiveness of young people, persons with disabilities and women in a target-oriented labour market, promoting the "education-labour market" relationship and filling the existing job vacancies will be introduced, and this will lead to decrease in unemployment rate.

The mechanisms for regulating the employment relations will be continuously simplified and brought into compliance with the requirements enshrined by international agreements, as well as by taking into consideration the macroeconomic indicators of the country, and the minimum monthly salary will be continuously raised for the purpose of exercising the right to decent work. The Government is determined to essentially reduce unemployment rate by 2023.

In the context of future reforms of the institutional, functional and legal grounds for the system of protection of the rights of employees, the introduction of an integrated and effective system of control over fulfilment of the requirements of the labour legislation will be ensured, and increase of the role of trade unions will be considered.

Reaffirming the consistent efforts aimed at protecting the rights of persons with disabilities, the Government will continue to undertake all the necessary measures to exclude discrimination on the ground of disability in all spheres of life.

The Government will be consistent with the prevention of placing children in orphanages, the return to their families, as well as the smooth organisation of the process of planning the independent life of young people leaving the orphanage.

With the view to mitigating the negative trends of development of the demographic situation recorded in the previous period, new programmes for encouraging births and supporting young families and families with children will be developed and implemented, within the scope of which, the existing programmes will be revised, if necessary. Target programmes will be developed for repatriate families as well, considering young families and families with children first.

One of the major objectives of the activities of the Government is to inventorise the housing issues of families who still live in shacks as a result of the devastating earthquake in 1988, with the view to providing the families in need of homes following the earthquake with apartments, within the shortest possible time period.

4.3. HEALTHCARE

Development of the healthcare sector is one of the major factors for ensuring the happiness of citizens and is one of the priorities of the Government.

The policy of the Government will be aimed at maintaining and improving the health of individuals and public health, ensuring provision of modern, high-quality and comprehensive healthcare services.

Development of the healthcare sector will be ensured, observing enhancement of the directions for prevention and early detection of infectious and non-infectious diseases as an overriding factor. Within the scope of this, it is necessary to reinforce and enhance primary healthcare, promote healthy lifestyle and continue to expand screening programmes.

To ensure availability and accessibility of healthcare services for citizens, it is necessary to consistently continue to introduce a medical insurance system that will help provide each citizen in need of medical care and services with the aid and services properly and in a timely manner, irrespective of gender, age, place of residence and social status. The Government must mitigate the expenses for insurance for socially insecure layers and certain groups.

Maintenance of maternal and child health, improvement of reproductive health, the health-related problems in early childhood and adolescence and increase in the level of treatment of and efficient supervision over cardiovascular and carcinogenic diseases will particularly be in focus.

The issue of ongoing capacity-building and increase in the level of preparedness of medical staff, comprehensive and complex enhancement of human potential in the healthcare system and improvement of management of and control over the quality of medical care, including the introduction of clinical guidelines and procedures in line with international standards.

The complete introduction of electronic healthcare, the digitisation of healthcare and medical data and the development of medicine and the drug industry will be important in order to achieve the specified goals. The introduction of effective systems of control over the quality, safety, efficiency, prescription and distribution of drugs will also be one of the major directions.

4.4. EDUCATION AND SCIENCE

Development of education and science is an overriding objective for the Government, and only through the development of education and science will it be possible to achieve sustainable and inclusive growth and universal welfare. Development of the sector will be closely linked to the strategy and priorities for advancement of the State.

Schools need to be turned into development centres that will contribute to the rebirth of social-cultural life within the community and will become centres for the community to create openly and freely.

Update of education content targeted at development of the cognitive, personal and interpersonal skills of learners; capacity-building of teachers; increase the reputation of the profession and the level of social security; the development of necessary infrastructures, as well as strengthening the education-science-labour market relationship are crucial.

The goals of the Government in the general education sector are:

- to raise the level of accessibility and availability of preschool education within all communities, raising enrolment of children above the age of 3 to 70% by 2023;
- to introduce an improved system of school management;
- to introduce effective models for organising education in schools with a small number of student population;
- to provide students of elementary classes in general education schools of all marzes with sustainable school meals;
- to make the shift to universal inclusive general education in all marzes of the Republic and in the city of Yerevan by 2023;
- convey new content to 12-year education — review criteria, curricula and syllabi, fostering critical thinking, innovation and analytical and creative skills, paying special attention to civic, financial and entrepreneurship education. Review the content of and approaches to teaching STEM (science, technology, engineering, mathematics) and foreign languages.

The reforms in the vocational education sector will be targeted at:

- enhancement of education programmes targeted at the changing requirements of the economy and labour market;
- introduction and expansion, through the active involvement of employers, of the dual education system in order to improve the quality of education and teaching at primary and middle vocational education institutions, taking into consideration the priorities of territorial development.

The reforms in the higher education sector will be targeted at:

- expansion of autonomy and academic freedom, creation of an institutional basis for mechanisms for effective management, balanced accountability and transparency in higher educational institutions;
- ongoing improvement of the quality of higher education, ongoing increase of the research component in higher education;
- review of the content and structure of education programmes, focusing on final learning outcomes — in line with the requirements of the national qualification framework (NQF);
- ensuring a trajectory of a student's individual education through the introduction of a flexible structure of educational programmes;
- internationalisation of higher education, expansion of opportunities for mobility;
- implementation of the directions and principles of the European Higher Education Area;
- gradual increase in financing for higher education, expansion of volumes of financing, while reviewing the principles of financial resources provided to educational institutions, the target and purpose of financial assistance, the indicators of effectiveness of the activities of a particular educational institution.

In the field of science it is necessary to:

- raise the level of effectiveness of financing for science, address the provided funds to areas that derive from the needs of the economy of the country and meet the current requirements for academic research;
- create modern conditions for young scientists to live and create in Armenia, engage Armenian scientists abroad in the development programmes of Armenia. The field of science in the Republic of Armenia must be an internationally competitive system, addressed to international scientific achievements and directly promoting competitiveness and security of the economy of the country;
- create scientific, scientific-educational centres and centres for excellence in science and technology in a certain field of technology ensuring groundbreaking progress;
- strengthen the bond between education and science, contributing to the establishment of a network of higher educational institutions and scientific organisations, according to the fields of academic activity, and ensuring the movement of students at higher educational institutions and scientific organisations forming a part of the network;
- introduce financing mechanisms based on effectiveness in the field of science;
- create necessary conditions for use and development of Armenian as a language of modern science.

Ensuring continuity of educational and scientific programmes, synchronisation of the content and programmes of educational and academic services with the demand of the market, society and the State are important in order to achieve the goals specified by the Government.

4.5. CULTURE

Constant interaction with culture is a major factor for the welfare and happiness of citizens. The cultural policy of the Government will be aimed at preserving and popularising historical and cultural heritage, ensuring wide public participation in cultural life, implementing wide cultural propaganda and encouraging the flow of citizens to cultural institutions.

The goals of the Government in the field of cultural heritage are:

- to introduce modern systems of management in museums, libraries and other institutions in the field of cultural heritage;
- to implement cultural programmes (festivals, master classes, etc.) for the bearers of intangible cultural heritage to transmit knowledge, technical and technological skills and capabilities to them;
- to improve the legislation in the field of immovable historical and cultural monuments, specify the rights and responsibilities of public administration bodies, territorial administration bodies and local self-government bodies and private investors and relations among them, improve the mechanisms for providing immovable historical and cultural monuments for use and encourage the flows of financial investments;
- to implement, through co-operation with international organisations and the private sector, tourism infrastructures development programmes, assist in raising the level of availability of Armenia in the international tourism market;
- to support the growth of tourism in communities, the restoration of local traditions;
- to create a database for the purpose of preserving intangible cultural heritage.

The goals of the Government in the field of modern arts are:

- to create legislative framework in the field of modern arts;
- to create a favourable environment for full expression and realisation of creative capacities;
- to support debut creative programmes by encouraging experimental and innovative forms of art;
- to ensure proportion, accessibility and availability of cultural services in the marzes of the Republic of Armenia by implementing a policy on proportionate territorial development of culture through support to decentralisation of cultural life in the Republic of Armenia and cultural development in the marzes;
- to implement programmes promoting the bond between education and culture, prioritising exercise of the right of the vulnerable groups of society to connect with culture, which underlies not only organising special events for those groups, but also their active involvement and participation in cultural and creative inclusive programmes;
- to introduce modern systems of management in theatres, concert halls and other libraries and other creative performing institutions;

The goals of the Government in the field of popularisation of culture are:

- to implement programmes to make Armenian culture recognised in Armenia and beyond its borders. It is necessary to raise the level of recognition of Armenian culture in the world through the expansion of co-operation with cultural organisations and individuals in foreign countries and in the Diaspora, which will also be accompanied by increase in the level of popularisation of other cultures in the Republic of Armenia.

Television airtime must be wiped of content conveying a subtext of mutual contempt and aggression to public relations, as well as of low-quality language. The crucial goal of the educational and cultural policy must be to disseminate literary Armenian and reinforce knowledge of literary Armenian (including Western Armenian) in Armenia and in the Diaspora through special programmes (educational, cognitive programmes, films, animated films, etc.) for the audience of pre-school age and lower school age.

The implementation of studies of historical and cultural monuments located in the territory of the Republic of Armenia and new and complex archaeological programmes, as well as internationalisation and popularisation of those studies will be promoted within the scope of preservation, use and popularisation of cultural heritage.

4.6. SPORT

In the field of sport, the Government pursues the goal of ensuring development of children's sports through co-operation with the National Olympic Committee of Armenia, sports federations and non-governmental sports organisations. The Government will co-operate with the National Olympic Committee of Armenia and sports federations to create necessary conditions for the athletes of Armenia to succeed in the field of sports, considering it an effective way of increasing the international reputation of Armenia and making physical culture and sports public. The Government will co-operate with sports federations and the private sector for ongoing development of sports infrastructures.

4.7. YOUTH

Development and implementation of an interconnected, comprehensive and inter-sectoral strategy is necessary for implementation of an effective policy in the youth sector. In the youth sector, the Programme of the Government envisages creating,

through the development of an inclusive youth policy, an environment in which young people will be able to fully express themselves and build their future.

The goal of the Government is to raise the level of public, political, civil, socio-economic and cultural participation of young people, as well as develop the mechanisms required for solutions to the issues of youth unemployment and socio-economic issues.

4.8. ENVIRONMENT

The policy on environmental management is targeted at the complex conservation, improvement and restoration and reasonable use of the environment and natural resources, balancing it with social justice and economic efficiency.

The key objective of environmental management is to reduce the hazardous impacts of the environment on air, climate, water, lands, flora and fauna to a minimum, rule out the overexploitation and illegal use of natural resources and ensure implementation of preventive actions.

Based on this, the primary directions for environmental management are:

- increase in the level of effectiveness of water resource management and application of modern water-saving methods, ruling out overexploitation of a particular resource;
- restoration and maintenance of the ecological balance of Lake Sevan, conservation and management of the Ararat Artesian Basin and river ecosystems;
- sustainable management of forests, expansion of forested areas, forest restoration and forestation, ongoing capacity-building for implementation of all the mentioned;

- implementation of actions for mitigating and preventing problems caused as a result of climate change, as well as actions for adaptation, pursuant to the commitments assumed under international agreements;
- reinforcement of specially protected natural areas, capacity-building in adjacent settlements;
- conservation of biodiversity and ensuring biosafety, registration of objects of fauna and flora;
- effective management of land resources, development and implementation of a policy on prevention and reduction of land pollution and degradation;
- promotion of the application of modern mechanisms for closure of ores (recultivation);
- ecologically safe management of chemical substances and wastes (including for subsoil use);
- effective implementation of the process of environmental impact expertise;
- introduction of unified and modern systems of environmental monitoring, permits and licences, co-ordinated management of primary information;
- development and implementation of a policy aimed at promoting the long-term goal for green economy and sustainable development;
- gradual reduction and prohibition of the use of disposable plastic products;
- ensuring the ongoing co-operation with international organisations operating in the sphere of environmental management and their participation in new initiatives;
- introduction of a flexible system of economic mechanisms and levers for environmental management, development and introduction of innovative

mechanisms for joint financing with international organisations (including the mechanism for offsetting obligations under environmental programmes);

- harmonisation of environmental law with the Directives of the Armenia-EU Comprehensive and Enhanced Partnership Agreement and, in this context, expansion of international co-operation for the purpose of raising the level of effectiveness of implementation of the actions earmarked in the roadmap;
- growth of tourism in forests and specially protected natural areas;
- implementation of large-scale actions for environmental awareness, eco-education, environmental culture and upbringing, increase of the role of environmental science.

5. COMPETITIVE, PARTICIPATORY AND INCLUSIVE ECONOMY

5.1. ECONOMIC POLICY AND CITIZENS' WELFARE

In the economic field, the State is obliged to create conditions for shaping the Gross Domestic Product and to engage the maximum number of people in the sphere of economic activity. The economic, business field must be shaped freely, in conditions of ruling out impartial competition (patronage). This is also a major condition for poverty reduction — each person with business skills must have the opportunity to create business products and ensure his or her welfare and the welfare of the people around him or her in equal and competitive conditions. It is important to form a legislative and practical corridor for creating real opportunities to start economic activity "from zero" in Armenia. The goal of the economic policy must be to create jobs and raise salaries.

Respectively, the key characteristic of the future economic policy of the Government will be the promotion of inclusive economic growth. The economy needs to grow at high paces, that is, the average pace of GDP growth must be at least 5% during the period of the Programme. At the same time, a significantly larger number of citizens need to participate in economic development, and there has to be more equal distribution of the economic product that they will create through their work.

Economic development must create new opportunities to provide citizens with decent jobs. The creation of qualitatively new and competitive jobs must become one of the main criteria for the support of the Government to the business plans of the private sector. Employment must guarantee decent incomes for citizens.

The Government will contribute to the functioning of an environment in which the right of every individual to generate growth and participate in growth will be not only protected, but will also be encouraged.

5.2. EXPANSION AND REALISATION OF CREATIVE POTENTIAL

Expansion and realisation of the creative potential of citizens of Armenia must become one of the essential achievements for economic development. The implementation of target programmes must help to make educational programmes available for every citizen of Armenia that will help to bring their knowledge and business potential in line with the demands of the time. Conditions will be created for people to realise their business potential in their own entrepreneurial initiatives.

Every citizen must have the opportunity to increase modern professional skills and participate in economic life by increasing those skills. Improvement of working skills and the capabilities of applying the latest technologies must become the informed aspiration of a citizen. With its support programmes, the Government must encourage such behaviour of a citizen and, in this way, increase effectiveness of his or her participation in economic life.

5.3. COMPETITIVE AND PARTICIPATORY ECONOMY

The cornerstone of the economic policy of the Government is the increase of global competitiveness through the expansion of the competitive advantages of Armenian economy, the formation of a modern and green economy system based on knowledge and innovations, the provision of opportunities for decent jobs for citizens of Armenia and improvement of the quality of life of the population.

An investment policy aimed at exporting, expanding employment and encouraging employment will lie at the core of the economic policy. As a result, the structure of the economy must undergo major changes, and high technological industry must become the locomotive of the economy.

Increase of competitiveness of the private sector is the main precondition for sustainable economic development. Government will contribute to the development of an environment required for employment of people and full realisation of working capabilities. Such a policy will be targeted at the establishment of mechanisms for management of internal and external factors that will be highly significant for private enterprises and will help to increase long-term competitiveness of organisations.

In Armenian economy, the productivity of the employed must not lag behind the indicators of the trading partners of Armenia. To achieve this goal, the Government will encourage planned initiatives aimed at raising the level of productivity in the private sector.

The speed of introduction of innovative technologies in the branches of economy is a major precondition for competitiveness. High indicators of productivity will be recorded, if the enterprises operating in the branches of economy are equipped with modern technologies and technical resources, and the employees of those enterprises have the skills required to operate in that environment. The Government will apply a relevant toolkit to promote the programmes of the private sector for technological equipment. Thanks to this change of the economic environment, talented people will choose to live and work in Armenia.

Development of the capital market and financial institutions, diversity and availability of financial services are among the major conditions for competitiveness of the private sector of economy. Promotion of the increase in financial services must be one of the major issues for co-operation between the Government and the Central Bank of the Republic of Armenia. Increase of availability of the specified services must become a major factor for reducing risks for the private sector.

Bank crediting remains the most influential tool for financial mediation in Armenia. Respectively, reduction of the obstacles for crediting must be the next major issue for co-operation between the Government and the Central Bank of the Republic of Armenia. The Government will consider all the existing factors in the private sector that can essentially reduce banking risks and help to increase opportunities for the private sector to receive loans and lower the interest rates of loans. The Government will also promote the engagement of financing through the use of the tools in the capital market by companies of the private sector, particularly by large companies in the fields of trade and services.

The existence of qualified specialists in all branches of economy is one of the main guarantees of competitiveness. State support to training programmes for raising qualification must become a major contributing factor for the development of enterprises in the private sector.

Improvement of the quality of secondary vocational education is a major condition for raising the level of youth employment. The lack of a pool of specialists with vocational education is one of the main obstacles for growth in certain branches of economy. Respectively, the Government will undertake target programmes to make the development of secondary vocational education close to the current demands of the private sector to a maximum extent.

The application of the principles of corporate management is a key factor for sustainable development of the private sector. Through application of the specified

principles, the required accountability of management bodies and the transparency of their decisions must become major foundations for reduction of risks in the private sector. They will also essentially increase the amount of participation of foreign investors in programmes in Armenia. The Government will encourage the application of the principles of corporate management in the private sector and will support the advancement of the programmes to be implemented in that direction.

5.4. BUSINESS ENVIRONMENT: FREEDOM, FAIR COMPETITION OF INTERNAL MARKETS

No factor in Armenia can compensate for the lack of justice and competition, and this has been clearly proved by the realities of development of the country in the past decades. Guaranteeing fair competition must be enshrined and be universally perceived as the undisputed pillar for economic development.

Economic competition and the exclusion of artificial monopolies is a major guarantee for ensuring essential economic growth. Based on this, the Government will ensure protection of economic competition through the launch of effective regulatory mechanisms.

The regulatory mechanisms will aim to reduce the degree of centralisation in markets and raise the level of intensity of competition. The Government will be consistent in encouraging the entrance and advancement of new participants in the markets of goods and services. The institutional or other economic (licensing requirements, etc.) bans or restrictions for working in the markets of goods and services — prescribed by the State — will be reduced to a minimum and will be determined exclusively in conditions of vital importance.

Importance will be attached to the impact assessment of the state policy on the business environment from the perspective of the perceptions of citizens of Armenia and international comparisons. For this reason, evaluations of the impact of the state

policy on the quality of the economic policy and the business environment will be observed through internationally accepted and recognized universal indexes. In particular, the Global Competitiveness Index and the Inclusive Development Index of the World Economic Forum, the evaluation of the Doing Business Report of the World Bank and others will be used. Issues on the improvement of the factors that are important in the methodology of assessment of the specified universal indexes will also be targeted.

Business is related to the issues of receipt of permits for use of electricity, gas and water particularly in the period of expansion. Respectively, the advancement of development programmes highly depends on the extent to which the risks related to receipt of rights to use those services are predictable and manageable. Restrictions on availability of infrastructures must not create a situation where there may be conditions of unequal competition between economic entities. Specification of the regulations and the maximum reduction of the time and financial expenses required by those regulations must be one of the priorities of the Government in this direction.

Receiving construction permits is also an important issue. Although receiving rights to construction of industrial or public significance in Armenia is not costly, it is time-consuming and is connected with many uncertainties in terms of procedure. The formal approaches to fulfilment by state institutions of the duties enshrined by the legislation of the Republic of Armenia and the creation of artificial obstacles have, throughout the years, created a situation that has made the established mechanisms essentially ineffective. Specification of the functions of the organisations dealing with the mentioned procedures and of state institutions will be one of the key targets of the Government in this direction.

The fact that the prevailing majority of insolvency (bankruptcy) proceedings in Armenia end up with the liquidation of enterprises is a major obstacle for the growth of businesses. The "verdict" of being a failure highly represses the future entrepreneurial initiatives of people who have failed, forms intolerance towards them

and reduces the potential for business activities. The Government attaches importance to a turning change of the situation and will encourage legislative and institutional changes through which organisations in insolvency proceedings will achieve financial recovery and maintain the right to work in the future more frequently.

5.5. EXPORT AS THE MAIN DRIVING FORCE FOR ECONOMIC GROWTH

The significant growth of export of products and services must become the main driving force for economic progress in Armenia. At the end of the period of the Programme, export of products and services against the GDP must reach 43-45%. At the same time, there has to be a significant increase in the role of technological products in the structure for export.

Maintenance of favourable conditions for trade, establishment of new conditions and deepening of application of those conditions for manufacturers in target markets in Armenia must be the overriding policy of the Government in the area of promotion of export. Armenia has favourable conditions for advancement in potential export markets. Accession to the Eurasian Economic Union, the right to the GSP+ special regime in the territory of the European Union, the existence of free trade agreements with several countries and accession to the World Trade Organisation are the preconditions that will promote the establishment and advancement of exporters of Armenia in those markets. At the same time, the special conditions in the relations with third countries within the scope of co-operation with the Eurasian Economic Union must be the major action with respect to this.

The establishment of a favourable environment for foreign trade must be accompanied by the increase of state support to build capacities for Armenian organisations to penetrate into those markets. This must be carried out in several directions, and the primary direction is simplification of the customs procedures related to export and administration conditioned by those procedures. The next major direction is to

increase effectiveness of the regulations for compatibility of quality. Increasing availability and accessibility of certification on compatibility of origin and quality, as well as of the laboratory expert examinations required for certification, ensuring the documents for certifying compatibility issued in Armenia are recognised in the main markets for export, are the main developments that will assess the outcomes of the policy being implemented in the mentioned direction.

Among the major issues is securing exporters of Armenia from potential risks in export markets. Although certain types of such services are currently offered to the private sector due to state programmes, the number of those services is not sufficient for exporters. The Government must be consistent with this so that the provision of such services becomes a function for a wide number of participants in the financial market.

Positioning Armenia as a brand in external markets is important for promotion of exported products and services. Reinforcement of identification of Armenian products and services in successful sectors will essentially reduce the expenses that are required for the entry and promotion of new Armenian products in those markets.

5.6. GROWTH IN INVESTMENTS AS A PRECONDITION FOR COMPETITIVENESS AND SUSTAINABLE GROWTH

Private investments in entrepreneurial assets are a major precondition for sustainable development. Means of production need to be continuously updated. Domestic and foreign investments will be of essential significance for updating means of production in the necessary amount. Respectively, there is a need to enhance such mechanisms that will encourage the increase of domestic savings and the creation of alternative opportunities for investments of those savings. Special attention will be paid to the enhancement of mechanisms for protection of foreign investments.

Development of the local capital market is one of those opportunities. Citizens must have an opportunity to diversify their savings through acquisition of bonds or shares of non-financial organisations and, through this method, make investments that will have higher yields. In regard to encouraging expansion of alternative financial tools (i.e. through the development of investment funds), among other actions, importance will also be attached to the promotion of financing of programmes through Initial Public Offering (IPO).

Domestic savings will not be sufficient for recording high-paced economic growth in the coming years. It will be necessary to create attractive conditions to bring foreign capital into Armenia. To do this, the Government will act in several directions.

As a result, Armenia will form an environment for taxation of capital and labour in which exploitation of entrepreneurial assets will ensure higher profitability.

From the perspective of engaging big investments, importance will be attached to the possibility of engaging foreign investments in infrastructure programmes within the scope of the public-private partnership. On the one hand, this is a major opportunity for development of the capital market and absorption of foreign investments, and on the other hand, due to improved infrastructures, it can essentially increase the speed of engagement of foreign investments in other programmes and the level of competitiveness of the specified programmes. To solve the specified problem, the Government will accelerate development of the legal regulations for the public-private partnership and the institutional capacity-building for application of those regulations.

Special attention will be paid to the issue of reducing costs for the initial examination of potential investors and raising the level of efficiency. For the purpose of reducing the time and costs of foreign investors, the "one-stop shop" services will be offered in the preparatory stage of decisions on investments in Armenia. Foreign investors will also be provided with a certain scope of post-investment services in order to ensure the smooth course of getting adapted to the local environment.

Acceleration of foreign investments requires essential increase in protection of the intellectual property rights. Transfer of technologies and other outcomes of intellectual activity is one of the important ways of engaging foreign investments. Respectively, the Government will attach importance not only to the improvement of the legal regulations for protection of the intellectual property rights, but also enhancement of the mechanisms for protection of those rights.

Due to the promotion of domestic savings and the amounts of foreign investments, at the end of implementation of the current Programme of the Government, the annual gross accumulation of the main funds against the GDP must mark 23-25%.

5.7. TOURISM

Tourism services comprise a large portion of export of services. There is great potential and perspective for the growth of tourism in Armenia. The growth of tourism serves as an exclusive opportunity for the development of small and medium businesses. In this regard, the actions of the Government are clear — it is crucial to ensure the necessary infrastructures and high level of service for tourists. For the purpose of raising the level of availability of sites and transportation routes for tourists, importance will be attached to the equipping of guides in foreign languages and relevant signs on streets and at tourism sites.

Parallel to this, it is necessary to set aside sub-branches of tourism with great potential for tourism, including eco-tourism, gastro-tourism, extreme tourism and ethno-tourism for the purpose of positioning Armenia as a target in the global market and making the country more attractive for tourists with relevant interests.

The Government also deems it important to solve the issues for liberalisation of the visa regimes for entry into Armenia and reduction of the prices of air transportation.

5.8. DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES AS A PRECONDITION FOR INCLUSIVE ECONOMIC GROWTH

The Government attaches great importance to small and medium enterprises (SME) and will be taking complex steps to eliminate the obstacles existing in the sector. Those steps are going to be taken through the development of entrepreneurial culture, functioning of a favourable legislative and institutional field and capacity-building of SMEs.

Support will be provided for enhancement of the skills of citizens with the aspiration to start a business "from zero" and implementation of their plans, ensuring a practical corridor for implementation of new business initiatives. For this purpose, we will co-operate with non-governmental organisations representing the interests of the SMEs community, particularly through the establishment and enhancement of territorial centres for entrepreneurship.

Exempting microbusinesses from taxes is an important decision for development of SMEs. Microbusinesses with a sales turnover of up to AMD 24 million will be exempt from turnover and income taxes which, besides being a major social significance, will become significant in "transforming" small business ideas into large entrepreneurial programmes. The Government will also attach importance to the enhancement of the system of other incentives for enlargement of SMEs. Great importance will also be attached to the implementation of programmes for raising the level of availability of finances for the entities of SMEs.

5.9. PROCESSING INDUSTRY

Expansion of the value chain of the processing industry serves as a major opportunity to expand the existing production capacities in Armenia. There is great potential for vertical and horizontal expansion and increase of production volumes, export and employment in the existing branches and the branches related to the existing ones.

The barriers in development of certain branches of the processing industry are often unique and are not characterised by a general description. For the purpose of identifying the current problems, finding relevant solutions to those problems and targeting the support of the Government correctly, sector-specific studies will be conducted in order to reduce the problems.

The Government will consider the capacities for raising the level of competitiveness of the existing branches of the processing industry and for their absorption of new technologies and technical means. If necessary, the regulations prescribed in certain branches of the processing industry due to which insurmountable limits hindering development have emerged, will be revised.

Measures will be taken for the development of non-tariff regulations — prescribed for certain branches of the processing industry in the markets of the Eurasian Economic Union — that will essentially simplify the conditions for the operation of our enterprises and will expand the opportunities for advancement in those markets.

Special attention will be paid to the assistance to investment programmes in spheres with great potential for export. Such investment programmes will be supported through assistance to the actions for promoting the specified organisations in external markets and through the creation of stimulating conditions for taxation and customs as prescribed by the legislation.

5.10. AGRICULTURE

The axis of the agricultural policy of the Government will be the increase of effectiveness of agriculture, the increase of the food safety level, the introduction of modern technologies, the increase of export volumes and the rise of incomes of all entities included in the whole agricultural value chain, including small household economies, rural cooperatives, those involved in processing and exporters.

The Government believes that the fact that nearly 1/3 of agricultural lands have remained uncultivated is inadmissible. The Government will take active steps to use unused agricultural lands purposefully. To achieve this goal, incentives and mechanisms will be developed.

The Government is also formulating another strategic goal in the agriculture sector — irrigation water in Armenia must be as available and common as electricity supply is.

The application of new technologies must be widely spread throughout the agriculture sector. The introduction of drip irrigation and rainwater harvesting systems will provide the opportunity to essentially save water resources, and the state support programme for establishing intensive orchards cultivated through modern technologies will provide the opportunity to save land resources. The absence of an effective anti-hail system is a serious problem for the development of agriculture. The Government will take measures for the large-scale introduction of a more effective anti-hail system based on new technologies. To achieve this goal, the Government is committed to increase the level of targeting of subsidising mechanisms, ensuring clear mechanisms for meeting the needs of the beneficiary communities.

The Government will also take active steps to update the set of farm machinery and to meet the needs of agriculture in Armenia to a maximum extent.

In the process of using the potential of increasing the export of farm products, the Government envisages to develop mechanisms supporting export to new markets.

Towards establishing a competitive and effective agriculture based on new technologies and scientific base the Government has also set the objective to:

- support the development of agricultural cooperatives and set the minimum prerequisites necessary for establishment of cooperatives;
- establish educational, scientific research, industrial clusters and facilitate deepening of education, scientific, research and development and consultation centres in agricultural and agrarian sector;

- support introduction of equipment for agro-food system, new technologies, as well as food safety systems;
- carry out state support programmes aimed at development of local seed cultivation and production, intensive farming, animal husbandry, as well as support establishment of pedigree farms;
- contribute to expansion of non-agricultural activity and development of agritourism in rural communities;
- ensure introduction of efficient system for prevention of animal and plant diseases;
- ensure introduction of a system for sharing knowledge and experience in agriculture, availability of information among agricultural producers;
- ensure introduction of an insurance system for the agricultural sector;
- define the main principles, methodology and strategy for supporting agriculture.

6. TERRITORIAL ADMINISTRATION, LOCAL SELF-GOVERNANCE AND INFRASTRUCTURES

6.1. TERRITORIAL ADMINISTRATION AND LOCAL SELF-GOVERNANCE

The Government will continue to make efforts aimed at raising efficiency of the activities of marzpetarans (regional municipalities), mitigating disparities of territorial development, as well as ensuring the ongoing process of reforms, in particular:

- the legislation will stipulate the relations pertaining to territorial administration, as well as the position of marzpetarans within the state administration system;

- the organisational structures of marzpetarans will be reviewed;
- for the purpose of proportionate territorial development, socio-economic sustainability of regions and insurance of further economic growth of the Republic, the process of provision of subventions from the State budget of the Republic of Armenia aimed at the development of economic and social infrastructures of communities, will continue and it will become more inclusive and collaborative;
- for the purpose of promoting economic activity in the regions of the Republic of Armenia, involving local and foreign investments, the platform for investment programmes will be put into operation and informational base necessary for promoting investments will be established;
- sectoral development centres - «regional growth poles» will be established in the regions of the Republic of Armenia directed to transition from single-pole economy centralised in the capital to a multi-pole, sustainable and proportionally developing economy.

For the purpose of ensuring comfortable and ecologically safe conditions for the population, reducing the negative (dangerous) impact of solid household waste on human health and environment, the following will be provided:

- an institutional basis necessary for the introduction of a garbage disposal system in the Republic that corresponds to international standards;
- garbage disposal in the communities by self-cost covering method through increasing the level of collection of garbage disposal fees and improving contractual legal framework in the sector;
- implementation of programmes aimed at waste removal and recycling in the sphere of garbage disposal through a cooperation with international structures.

The administrative-territorial reforms will continue and for guaranteeing their success:

- the activities for introduction of management information systems in the multi-settlement consolidated communities, “one-stop-shop” citizen offices will continue;
- for the purpose of improvement of the infrastructures of the consolidated communities (photovoltaic power plant construction, road upgrading, organisation of the public transport system, etc.), investment programmes will be implemented;
- parallel with the process of consolidating the communities, it will be made a transition to the proportional electoral system of the local self-government bodies;
- activities will be undertaken aimed at introduction of different forms of inter-community cooperation, including establishment of inter-community unions;
- measures aimed at decentralisation of powers will be taken, particularly, in the spheres of primary health care, inter-community and inter-settlement road maintenance and exploitation, maintenance and exploitation of the buildings of general education schools, organisation and implementation of complex social services.

6.2. ENERGY SECTOR

The Government policy in the sphere of energy will be aimed at ensuring country's energetic independence and enhancing security, ensuring the regional integration process, sustainable development of the energy sphere based on the full and effective utilisation of the primary (renewable) local energy resources, further development of atomic energy, diversification of the supply of the energy carriers and introduction of energy efficient and new technologies.

Currently, the energy system completely meets the demand of the internal energy market and has the potential to increase the energy export. Based on the internal market needs, for the purpose of promoting investments and using trade opportunities with Georgia and Iran, the Government will undertake:

- development of long-term development paths for the energy system;
- stage-by-stage liberalization of the energy market of the Republic of Armenia, as well as to search new energy consumption markets in the region, ensure Armenia's energy independence through active import and export policy;
- formulation of legislative incentives for introduction of innovation and high technologies, development of the energy sector and provision of policy aimed at introduction of energy efficiency measures;
- prolongation of the projected time-frame for operation of the second power unit of the Armenian Nuclear Power Plant and updating thereof, which will ensure efficient and safe operation of ANPP within the additional time-period for operation;
- development of a construction project for a new nuclear energy unit in the Republic of Armenia taking into consideration the importance of maintaining the level of energy security and independence, as well as knowledge-based direction of the energy sector;
- for the purpose of ensuring regional integration, implementation of the construction projects of Iran-Armenia and Armenia-Georgia 400kW power air transmission lines. After accomplishing construction of the mentioned power air transmission lines and handing them over for operation, the Republic of Armenia will be considered as the regional hub of the energy sphere in the region by linking the energy systems of Iran, Georgia and Russia;

- efficient maintenance of renewable sources and contributing to development thereof.

By estimating the regimes and capacity of the energy system, construction projects for the solar power plants through a tender will be implemented, increasing the scale of such plants within the framework of the domestic consumption at least up to 10 % by 2022.

The Government of the Republic of Armenia intends to continue sustainable energy development taking into consideration the need to introduce such an energy management system, which is aimed at enhancement of the capacity and increase of efficiency of own power consumption by the public and private sector, enhancement of opportunities for private-community cooperation. It is also necessary to increase cooperation with international institutions for the purpose of promotion of the energy efficiency and utilisation of renewable energy, review the long-term strategy programmes by setting targets for energy saving, renewable energy, as well as energy security indicators.

6.3. MINING SECTOR

The Government policy in the mining sector is aimed at ensuring transparency, high level of public accountability. In case of efficient and transparent management of natural resources, the country can obtain economic benefits which will contribute to economic growth.

Currently, development of a comprehensive policy in the mining sector will enable to ensure sustainable development of the sector, which will balance economic, social and environmental stability, as well as ensure transparency, accountability and publicity of the sector.

In order to contribute to sustainable development of the mining sector, the Government envisages to:

- elaborate a mining sector development strategy and action plan arising therefrom;
- carry out legislative and institutional regulations in line with the mining sector development strategy, by ensuring simplification and comprehensiveness of the procedures (licensing, permissions, regulations with regard to land use, etc.) necessary for engagement in mining, balancing of the opinion of the population of the affected communities and business interests;
- discover the real owners of mining organisations, establish and maintain register of the real owners.

The Government will also undertake measures to found a production chain — long to the extent possible — for processing mineral raw materials by strictly following high environmental standards during this period.

6.4. WATER SECTOR

The Government has set its approaches with regard to water sector emphasising the principles of improvement of the social condition of the population, social rights protection and ensuring service availability. The programme activities target enhancement of the water supply quality, the direct impact of the programme results on the tariff policy, ensuring service availability for every social group and beneficiary, expansion of irrigated lands.

The Government is based on development and continuity of the reforms of the water sector, ensuring sufficient grounds for financial stability, introduction of new management systems contributing to self-sufficient and economically independent

activity of the infrastructures and sectoral institutions, improvement of the legislation regulating the water sector with regard to water systems and the need of ongoing institutional reforms.

For the purpose of solving the problems in the sphere of drinking water supply and sanitation (waste water treatment), ensuring continuity of the reforms carried out in the sphere, developing the principle of public-private partnership consistent activities will be performed, in particular, to ensure the programmes and target indicators envisaged by the lease contract in force.

In order to solve the problems and improve the condition of the irrigation sphere, the following is envisaged:

- to carry out necessary structural reforms in the irrigation sphere in order to gradually reduce the indicators of water loss and increase incomes collected in the system;
- continuously carry out a policy on replacing the mechanical irrigation systems by flow irrigation systems;
- during 2019-2023, activities will be carried out for construction of Vedi reservoir and irrigation system, Kaps reservoir and irrigation system.

Legislative and institutional reforms will be carried out in the irrigation sphere, in particular:

- the legal relations among "Jrar" CJSC, WUA and water user will be regulated, management of the irrigation system will be improved with the aim to increase the irrigated lands;
- necessary amendments will be made in the regulating documents of water supply companies by increasing the participation of water users, representatives of local self-government bodies in the management of the

companies, at the same time ensuring independence of operative executive management of the companies;

- reconstruction activities of separate non-operable parts of "Arpa-Sevan" tunnel 2 will be completed in 2019;
- improvement activities with regard to melioration condition of farming wetlands will continuously be carried out;
- the programme for improving the technical condition of water production mechanical equipment and re-equipping (substituting) them with modern management systems will have been evaluated and developed by 2019;
- the irrigation systems will continuously be equipped with water measurement modern equipment and data collection and control system;
- evaluation of the technical condition of the functioning reservoirs and development of the restoration programme will be carried out;
- regulatory legal framework necessary for the construction and operation of reservoirs of local and republican significance will be developed with private, public-private partnership and their availability to the possible investors and publicity will be ensured in order to solve the problems of strategic significance related to water use and water management (with regulations concerning the possible installation of the reservoirs, their technical-economic description, construction and operation conditions, their inclusion in the present irrigation system, private operation (with fixed tariffs)).

6.5. TRANSPORT

Ensuring and ongoing development of proper and high-quality transportation infrastructures will be one of the main issues of the Government. In this regard, it is

necessary to draw and carry out efficiency raising plans according to the subsectors: aviation, water transport, bus and minibus transportations, taxi services, metro.

In the sphere of vehicle, water, rail and air transport, the Government envisages the following:

- to elaborate new regulations for technical inspection of road transport vehicles, replace technical inspection stickers with electronic system and introduce control measures for the actual implementation of technical inspection;
- to regulate the processes with regard to installation of gas tanks on road vehicles operating on compressed natural gas or liquefied petroleum gas, as well as that of regular certification of gas tanks;
- to carry out effective regulation of the road traffic (including by application of smart technologies, development of organisation schemes and necessary standards for traffic flow jointly with local self-government bodies);
- to carry out legal regulation of water transport activities;
- to establish preconditions necessary for expanding the geographic coverage of flights and increasing the number of airline companies;
- for the Civil Aviation Committee of the Republic of Armenia to carry out intensive activities aimed at engagement of projects (ideas) from the private sector for the purpose of developing aviation ecosystems in Armenia;
- railway tariff improvement;
- novation and modernisation of railway rolling stock.

In the sphere of motor roads, activities are envisaged to be carried out in the following directions:

- ongoing improvement of the quality of motor roads of interstate, republican and local significance;
- development and approval of a uniform (not in parts) programme for construction and repair of the road network, continuation of construction of North-South Road Corridor;
- introduction of bridge and tunnel management system;
- state registration of motor roads;
- improvement of furnishing conditions of the road traffic management.

6.6. STATE PROPERTY MANAGEMENT

For the purpose of radical reform and raising efficiency of the state property management, the following is envisaged:

in the state property record-keeping process:

- by 2019, introduce a unified electronic record-keeping system for the state property available for the public and applicable to all state bodies;
- by 31 December 2022, complete activities with regard to transferring the buildings and areas considered state property to the authorised body of the state property management and registration of the right of ownership of the Republic of Armenia over the buildings and constructions failing to have registration of the right of ownership, as well as establish an active system for control over use and preservation of immovable property considered state property;

in the state property privatisation and alienation processes:

- ensure transparency of the trade preparation, organisation and conduct processes and publicity of results thereof;

- ensure application of the public forms of trade organisation (auction, tender);
- to define the list of property subject to alienation, ensure determination of market value of each property and company shares included therein and public awareness about the results;
- to introduce electronic auction organisation system in the alienation process of the state property in 2019, envisaging also the possible involving of the community property;

During the use of the state property:

- carry out transparent and public organisation of the lease process with a unified regulation and approach, by attaching the size of the lease payment to the market assessment results.

6.7. MIGRATION

The main objective of the migration policy conducted by the Government is to ensure the free and safe movement of people by bringing it to balance with the national security of the country.

From the economic development perspective of the country, the Government underlines the importance of directing the economic and human potential of the migrants, including the returning migrants, to the development of the country.

In the sphere of migration policy, the Government sets the following priorities:

- ongoing improvement of the admission mechanisms of foreign citizens and stateless persons seeking asylum in the Republic of Armenia;
- development of a unified policy for integration of citizens returning to Republic of Armenia, as well as immigrants having received asylum and

recognised as refugees in the Republic of Armenia and long-term immigrants;

- development of a complete immigration policy for the purpose of management and regulation of immigration flows to Armenia;
- implementation of coordinated measures in cooperation with the relevant authorities of the destination countries and engagement of the diaspora institutions of those countries for the purpose of protection of rights and interests of the citizens of the Republic of Armenia leaving for migrant work.

The Government will continue to keeping the spotlight on the efficient organisation of the readmission processes in compliance with the international commitments undertaken in this field.

For the purpose of making use to the extent possible of the positive influences of migration and serving them for the development of the country's economy, the Government will provide conditions for using the economic and human potential of the migrants, including returning migrants.

7. HIGH TECHNOLOGIES, DIGITISATION AND MILITARY INDUSTRY

7.1. HIGH TECHNOLOGIES

The Government has the intention to make Armenia a country of high technologies and industry. For achieving this end and ensuring development of high technologies, targeted actions will be carried out, in particular:

- establish a national venture fund that will be able to make relevant investments in the start-ups operating in Armenia in order to ensure their further development and entry into the global market;

- contribute to the establishment and development of start-ups through grant programmes;
- establish mechanisms for development of entrepreneurial, business, trade and marketing knowledge by making use of the opportunities of cooperation with international accelerators;
- contribute to the establishment and development of accelerators in Armenia and elaborate joint programmes to ensure the intensive development of start-ups;
- establish proper mechanisms and legislative framework for international recognition of the intellectual property of Armenia and its protection;
- contribute to raising the competitiveness of high technology organisations of Armenia through "the Government as a contracting authority" concept;
- elaborate and implement a programme aimed at raising the international reputation of Armenia as a start-up and technology centre.

For the purpose of development of high technology companies, the Government envisages:

- to elaborate and implement a programme for promotion and sales of Armenia's high technology products and services abroad;
- to establish and develop technology centres in Yerevan and marzes, as well as ensure efficient activities of already existing centres, hence ensuring sufficient technological and industrial opportunities as a platform for further development;
- to ensure conditions and undertake active steps to engage the international high technology organisations in Armenia for the purpose of development of new technologies and knowledge, as well as raising Armenia's reputation as a technological centre;

- to contribute to efficient cooperation between technological companies and higher education institutions with regard to preparation of staff.

The Government defines the development of military-industrial complex as one of the key factors for ensuring and improving combat readiness of the military forces, economic growth, scientific and technological progress. To achieve this goal, the Government envisages:

- to make targeted investments in the sphere of military industry, as well as create a favourable investment environment for private investors by identifying as priority directions the technological re-equipment, the increase of work productivity and reduction of dependence from imports of armaments and military equipment;
- to dramatically increase the production volume of the military-industrial complex and make it one of the leading branches of the industrial sphere by recognising the importance of the programme for development of military forces and measures derived thereof;

enhancement of the scientific level of scientific and research, as well as experimental design activities in the military sphere and deep penetration of innovation and high technologies into the sphere of military industry and, as a result, competitiveness jump of the domestic military products in the international markets taking into consideration the rapid increase of the weight of the technological components during conflicts;

- to pursue further development of cooperation with military industry and scientific and educational system targeting the involvement of young and talented specialists in the sphere of military industry;
- to establish a military-industrial institute for the purpose of studying the problems existing in the sphere of protection and formulating tasks;
- to pursue promotion of the Armenian military-industrial products, as well as elaboration and implementation of sales strategy.

7.2. CONNECTION AND DIGITISATION

Achievement of the maximum result with the minimum costs as result of knowledge- and technology-based management in all the spheres of state governance, provision of available, affordable, reliable, safe, high quality and internationally competitive services aimed at economic development of the Republic of Armenia and improvement of the standard of living are among the priorities of the Government.

To achieve this goal, the Government envisages to take the following steps:

- introduction of infrastructures in compliance with the modern standards of efficient cooperation and service of continuously increasing requirements of digital economy in all the branches of the economy of the Republic of Armenia by ensuring information security, cybersecurity and protection of personal data, as well as development of electronic platforms for rendering electronic services by state bodies;
- digitisation of information held by the state administration bodies, formulation of joint and comprehensive databases, synchronisation of state information programmes, mutual replenishment and rational use of the information systems;
- raising efficiency of the use of digital technologies by the state administration bodies, reducing costs, maximising the result received, improving the quality of the information and services provided to citizens;
- development, introduction and control of state standards aimed at ensuring information security;
- development, introduction and control of the state standard in the sphere of information and communication technologies in compliance with international developments aimed at fostering international competitiveness and cooperation;

- introduction of a mobile radio monitoring system to control quality of the radio broadcasting;
- ensuring availability of wide range, mobile and fixed high-speed internet connection in the territory of the Republic of Armenia;
- modernisation of interactive digital television;
- participation in the programmes related to safe use of the universe, integration in optical channel networks, transition of information, cybersecurity and other international programmes within the scope of International Telecommunication Union and other international institutions; ensuring development and use of connection and digital infrastructures, as well as innovation technologies in different sectors of economy.

8. MANAGEMENT OF STATE FINANCES

8.1. TAX SYSTEM

Tax policy aimed at the reduction of shadow economy and establishment of a competitive business environment. Tax policy carried out by the State must be aimed to increase the attractiveness of the economy for investments and improve the level of economic activity, thus creating stable preconditions for export and long-term economic development, redistribution of public goods and enhancing fiscal stability. To achieve these goals, importance will be attached to the establishment of a fair, perceptive and predictable environment for investments.

The Government will — for the purpose of contribution to long-term economic growth – carry out reduction of the burden of direct taxes at the expense of indirect taxes. Such a policy will enable to raise competitiveness of the economy, which will result in growth of profitability and incentives for investments in the exportable segment

important from the perspective of the prospective development. In particular, the Government will reduce profit tax rate, define a flat income tax rate, by gradually reducing it. The dividends of foreign natural persons will be taxed at the same, i.e. lower dividend taxation rates as in case of the citizens of the Republic of Armenia by gradually raising the excise tax rates.

To ensure equitable taxation, steps will be made to transfer the tax burden to "solvent taxpayer", procedures will be defined for calculating the tax of immovable property on the basis of the actual market value of the property, at the same time an online toolkit for public control over tax collection will be set aimed at restoration of social justice.

For the purpose of developing international trade and economic relations, the Government will expand the geography of double taxation avoidance agreements. For the purpose of protection of taxable bases established within the country, regulations on transfer pricing and information exchange systems for the purpose of taxation will be introduced.

Parallel to tax policy, the Government must — through simplification of the administration of the taxation system — contribute to reduction of shadow and income generation of the State budget of the Republic of Armenia without creating additional obstacles for the economic activity. In order to bring these goals to life, the Government will, by improving the Tax Code, prescribe perceptive and predictable tax rules that will facilitate efficient decision-making in the administration processes of investment programmes, expenses and incomes.

Historically, the tax authority is perceived as the ensurer and collector (tax collector) of the taxable incomes of the State budget of the Republic of Armenia, aimed at execution of the programme indicator, i.e. plan of the taxable credits of the State budget of the Republic of Armenia, which is, in fact, problematic from the perspective of the mission of the tax authority.

Tax administration must be targeted at ensuring full and timely declaration and performance of tax obligations by the taxpayer.

Corruption and tax shadow are systemic risks which directly contradict the general interests of the State and society and impede the natural development. Thus, the tax authority must operate in way to exclude possibility and intention of the taxpayers to conceal taxes.

The tax authority must render high quality services and, in fact, non-discriminatory tax administration must be ensured. The tax authority must not interfere in the activities of the law-abiding taxpayers by burdening them with frequent checks or overpayments and prepayments. A law-abiding taxpayer should not notice the tax administration process, though, even the law abiding taxpayers must be subjected to monitoring to ensure their law-abiding behaviour.

At the same time, it is obvious that every person failing to pay taxes with a social, political or any other argument and gaining benefits therefrom, is merely an offender, whereas soft administration must apply exclusively to law-abiding taxpayers.

As a result of the activities of the tax authority, the taxpayers must realise, that:

- besides its obligatory nature, paying taxes is also honourable;
- failing to pay taxes is not profitable as the sanctions are inevitable, disproportionately severe and expensive;
- the businessman concealing taxes is an offender and will be subjected to liability;
- there are no such guaranteeing mechanisms or persons that will secure the offending taxpayer from the inevitability of a liability.

Thus, the behaviour of the taxpayers to fulfil the tax liabilities on a voluntary basis will be embedded.

In order to reduce shadow turnovers, special attention will be attached to ensuring the complete documentation of all the transactions in the economy, which will also enable to ensure additional incomes, as well as contribute to establishment of equal conditions for competition.

Simplification of customs administration will establish attractive conditions of international trade flows. Application of electronic or other whistle-blowing platforms will enable the business community to be permanently informed about the content of the reforms and competitive advantages of Armenia. In order to increase investment attractiveness, the customs border-crossing process will be simplified to the extent possible and the time required for border-crossing will be decreased.

In this regard, the final introduction of "one-stop shop" principle in regard to improvement of processes performed in customs border-crossing point is emphasised. As a result of the introduction of the mentioned system, the information to be submitted in the sphere of external trade will completely be in the electronic form and the information already contained in the system will not be requested for functions carried out by other state bodies.

As a result of the mentioned steps, the Government envisages — through efficiency-raising of tax administration and reduction of shadow economy — to ensure progressive growth of taxes/GDP index within the maximum possible limits.

8.2. STATE EXPENDITURES

The efficiency issue of the state administration system is directly connected with the efficient expenditure of public funds, i.e. taxes paid by everyone. From the perspective of raising efficiency of the expenditure policy, the Government will emphasise the appropriate, saving and efficient use of public finances. To ensure the above-mentioned, the Government will introduce "a modern toolkit aimed at generation of surplus value", which will enable to make a transition from the methodology of defining planned quantitative indicators in the public financial management system to the targeted budgeting system with defining qualitative indicators.

The Government will adopt such an approach which will objectively pursue targeting and efficiency of every single dram spent on the state machine. Function-authority-liability-result-evaluation logical chain will clearly be enshrined by the state administration system, which will be characterised by the principle of comprehensive, standardised, objective approaches and cost-efficient solutions.

In terms of increasing purposefulness of expenditures, transition will be made to strategic planning, the existing strategies will be reviewed as well, the latter and all the strategic documents to be developed will be combined with the five-year programmes, medium-term expenditure programmes and annual programme budget of the Government.

In order to evaluate the clear impact of the use of public funds, such accountability standards will be introduced which will enable to improve the financial discipline by defining quantitative and qualitative result indicators of the evaluation of the programmes financed by the State budget of the Republic of Armenia.

In the coming years, the expenditure policy will be targeted at accumulation, development and realisation of human and physical capital, as well as contribution to inclusive growth and even regional development. In this regard, increase of financing in the spheres of education and science and health is envisaged, which will be accompanied by the targeted use of financial means.

For the purpose of developing the physical capital, infrastructures generating surplus value will continuously be improved, which, in its turn, will contribute to even regional development. Besides, an electronic platform will be developed and introduced for the monitoring of the funds directed to the infrastructures, which will enable to be informed about the states of the programmes at any time.

As a result of these steps, it is envisaged that the total amount of the expenditures directed to the human capital and infrastructures will gradually be increased in the structure of the budget expenditures within the possible limits.

The importance of public procurement reforms will also be emphasised in raising the efficiency of the expenditure policy. In particular, a fair and transparent electronic system for public procurement will be introduced. Joint and measurable standards for the description of goods and services will be enshrined under the legislation.

The Government has the intention to review the policy pertaining to off-budget accounts of the state and community institutions, by ensuring the deposit of the monetary funds arising in the prescribed cases to the relevant budget and in future, when necessary, the distribution of these funds from these budgets.

Electronic monitoring of the supply of the goods and services within the time-limits set, quality and procedure indicated will be carried out. In case of deviations, the legislation will continuously be improved on the basis of the problems recorded by reflecting the necessary amendments to the electronic system of procurements as well.

The abuses made in the sphere of public procurements will be disclosed. Guided by the assessment of the proportionality the expected outcome -a requirement set by the technical specifications of the good, the factual outcome and the amount spent, the damages caused to the State will be restored.

The conceptual base of this Programme of the Government is the election programme of the "My Step" alliance, which received the vote of confidence by the absolute majority of voters in the extraordinary parliamentary elections of 9 December 2018. The Government is decisive to make an economic revolution in the Republic of Armenia in cooperation and dialogue with the "My Step" parliamentary faction, other parliamentary forces, civil society and the public.

PRIME MINISTER
OF THE REPUBLIC OF ARMENIA

N. PASHINYAN