

ACTION PLAN BY THE REPUBLIC OF ARMENIA

INTRODUCTION

The decision to join the Open Government Partnership initiative reflects Armenia's commitment to promote greater transparency and accountability in providing public services to its citizens. Consolidating public integrity and effective governance has been a state priority and, over the last decade, the authorities of Armenia have implemented a number of measures in this regard. Back in 2000, the main directions of state anti-corruption policy were outlined for the first time. These included the implementation of an effective and sound personnel policy, ensuring state guarantees for social and legal protection of public servants, declaration of income by high-ranking officials, enforcement of public procurement regulations, business licensing processes and state registration of businesses, as well as efforts to reduce the shadow economy and combat criminalization of the economy.

The reforms in a number of areas (public administration, tax system, banking sector) yielded significant results. In particular, dozens of legal acts with an anti-corruption focus have been adopted, and new measures carrying anti-corruption elements have been implemented. Continuous efforts have been made to increase transparency in specific types of public service, and to promote accountability in public education, foster cooperation with civil society and expand citizen engagement.

With a view to promoting the consolidation of civil society gains and to improving the internal political climate, the Public Council of Armenia was established in June 2008 grounded in the principle of *pro bono* participation of the civil society, including the representatives of the Armenian Diaspora. At the Public Council, 12 committees with a number of subcommittees and working groups were formed to hold consultations and hearings with regard to problems, laws and decisions that have been the focus of public attention, to undertake expert evaluation of the Armenian laws and other normative acts, as well as to involve citizens and representatives of civic associations and mass media.

Armenia is a signatory to a number of significant international human rights treaties, including the International Covenant on Civil and Political Rights and the European Convention on Human Rights, which obligate it to respect freedom of expression and freedom of information (FOI). Armenia has also acceded to the Aarhus Convention and signed the UN Convention against Corruption, both of which include important FOI commitments. In 2003, Armenia adopted a comprehensive FOI law, which applies to state and local self-governing bodies, as well as to some private organizations with activities of public interest.

The Government has also promised to honor its commitments stemming from the Republic of Armenia's membership in GRECO and OECD anti-corruption networks for countries with

transition economies, and from the UN Convention against Corruption, as well as to adopt legal acts required as part of these commitments.

OPEN GOVERNMENT EFFORTS TO DATE

Armenia's commitment to building an open government is in line with its previous and on-going efforts to promote a more accountable, transparent and effective governance system. Hence, Armenia acknowledges the synergetic importance of building its new commitments and initiatives upon the existing ones, many of which date back to the program of the Armenian Government approved by the Armenian National Assembly in 2008. In this program, public integrity was recognized as one of the important components of state policy. The main directions outlined in the policy include: increasing the effectiveness of state and local self-governance activities, anti-corruption and awareness raising campaigns, improving the public administration system, establishing a business friendly environment and a more effective governance system.

1. EFFECTIVELY MANAGING PUBLIC RESOURCES

1.1 The structural and functional reform of the public administration

- Clear separation of functions of the public administration bodies, political and discretionary officials and staff.
- Specification of regulatory and inspection functions and service provisions by the public administration bodies.
- A common public service management institute was established. A performance-based integrated system of remuneration, incentives and promotion has been introduced in all municipal administration bodies. In order to increase the competitiveness of remuneration in public service, a medium-term and long-term policy for remuneration and benefits of State and municipal servants was developed, including health insurances and social benefits. By introducing requirements for state and local self-governance bodies to publish their action plans and reports on a regular basis (at least once a year), the overall accountability within the public administration system of Armenia was gradually improved. By 2010, 50% of all state and local governance bodies published their reports, and in 2011 80% of the reports were made public.
- Though the current legislation does not impede citizen participation in any way, the Government is taking measures towards encouraging citizen participation and strengthening local and regional democracy. For this purpose, it is planned to make amendments in the acting law on Local Self-Government, which will promote citizen participation, including participatory budgeting.

1.2 Introduction of e-government

- In 2008, the Mulberry electronic system of document management was introduced. The system, currently interconnecting 35 state agencies, provides efficient management of document flow, centralized storage of electronic documents and attached materials, registration of document workflow history and control exercised at all stages of document movement, provision of execution control, quick search of documents, uniformity of work with documents, simultaneous work of several subdivisions and exclusion of document loss at public administration bodies.
- In 2008 the Government founded a center which provides electronic signatures. At the moment, the number of delivered electronic signatures is 6500 and over 300 are owned by state officials.
- The electronic system of state registration of legal entities gives the opportunity to citizens and organizations to register their businesses through one-stop shop principle and substantially save time, including provision of Tax Identification Number and registration of Company's Name, and to obtain information necessary for the registration through the Internet (www.e-register.am) from all other state agencies.
- The electronic system of application submission for intellectual property allows inventions and utility models, industrial designs and trademarks to be submitted electronically to the intellectual property agency.
- The public notification system (www.azdarar.am) allows posting in an online system the announcements of citizens or organizations of cases stipulated by the legislation.
- The judicial information system "Datalex" electronic management and public information provision system allows receiving real-time data regarding the examined court cases and provides a range of other services.
- The electronic system of the tax report submission simplifies the process of handing over of tax reporting and automates the fill-in and checking, while saving the taxpayers time and resources and minimizing the interaction between taxpayer and the taxation body.
- With the introduction of the electronic management system, the process of sending reminders and notifications to taxpayers became easier. In 2010, efforts were made for the full implementation of the e-government system "Taxpayer 3" and the pilot projects have been implemented in all the taxation (territorial) inspectorates of the State Revenue Committee. At the same time, the project designs of the "Taxpayer-3" e-government system's subprograms have been adopted, allowing designing and running other subsystems of the *E-Government System (EGS)*, namely, electronic

account-reporting, electronic management of personal account cards, cross-checking of special tax accounts, and electronic document circulation.

1.3 Improving the Internal Audit System for the Public Sector

- To promote transparency in managing public resources, it is of the utmost importance to consolidate the internal audit system, which is one of the three principal elements of the Public Internal Financial Control system (PIFC). The PIFC Strategy was adopted by the Government on November 11, 2010, setting the preconditions and activities necessary for the introduction of an integrated and modern public internal financial control system in Armenia. A new Law on Internal Audit was adopted on December 22, 2010, improving the existing system and harmonizing it with the EU standards. So far only a financial audit was carried out, but the new law also foresees expanding to performance, compliance and system audits. The standards for the professional practice of internal auditing, and the code of ethics and implementation time table were adopted on August 11, 2011 by a Government decree. The advisory for the standards was adopted on December 8, 2011 by the order of the Minister of Finance.

1.4 Improving Procurement Procedures and Ensuring their Transparency

- To ensure transparency, accountability and lawfulness of public procurement, the Government embarked on improving existing procurement systems and enhancing the institutional capacity of public procurement bodies. This was done through adopting the strategy of public procurement reform, which introduced an electronic procurement system, reviewing the status of the “Procurement Support Centre” non-commercial state agency, as well as establishing qualification standards for procurement officers in state bodies.
- On January 1, 2011 the new Law on Procurement in Armenia came into force. Considerable work has been done to bring the procurement legislation of Armenia in conformity with the UNCITRAL Model Law, GPA (WTO General Procurement Agreement) and the EC Public Procurement Directives. Moreover, the WTO Committee on Government Procurement adopted a decision that invited Armenia to accede to the Agreement on Government Procurement. On August 16, 2011, the Government of the Republic of Armenia deposited its instrument of accession to the Agreement on Government Procurement with the Director-General of the WTO. In terms of GPA paragraph 2 of its Article XXIV, the Agreement entered into force for the Republic of Armenia on September 15, 2011. The Agreement on Government Procurement aims at providing a common legal framework for public procurements by harmonizing the applicable legal framework to a certain extent.
- The new law on Procurement introduced other significant changes. First, it introduced a fully decentralized system of public procurement with about 3000 contracting units. The three central bodies to play a role are the Ministry of Finance in charge of

procurement regulations, policy and coordination, a new Procurement Support Centre providing services to contracting units and to businesses, and the Procurement Complaints Review Board, an appeals body outside the Ministry, which solves the appeals related to bidding processes.

- As for the e-procurement system, it is tested and ready for exploitation. The system of e-procurement has been operational in the Government bodies since January 1, 2012 (www.armeps.am).

1.5 Improving budget planning, reporting and policy formulation system

- Armenia has already initiated a number of reforms in the areas of budget planning, execution and accountability. Starting from 2003, Armenia has successfully introduced medium-term budgeting systems and, based on that success, has initiated reforms on moving towards program-based budgeting. Armenia will aim at increasing the momentum of these reforms so that program budgeting reforms will culminate in a solid, comprehensive and operational system that will be based on policy-driven budgeting systems with more accountability for performance. Some transition period is required, so the government will aim for full institutionalization of program budgeting (including by required legislative amendments) by fiscal year 2014.

2. INCREASING PUBLIC INTEGRITY

2.1 Ensuring transparency and accountability

- An online system was introduced in 2010, providing citizens with a tool to track the letters sent to state agencies.
- The "Interactive Budget" online system has been in place since 2010 allowing citizens access to the information on the purpose, direction and how the state budget money is being spent.
- All the decisions of the Government and the Prime Minister are open and accessible through the online system.
- The Government has taken steps to ensure transparency in the field of public procurement by creating the procurement official electronic bulletin, which allows access to all necessary information about procurement: legislation, procurement plans, tender notifications, requests for proposals, statements on contract award, etc.
- The information on the programs, contracts and financing of the public non-profit organizations is also open and available to the public.

- Combating corruption was declared one of the key priority policy areas of the Government of Armenia in 2003, resulting in the Anti-Corruption Strategy and Action Plan for the period of 2003-2007. Guided by the results achieved so far and based on the President's Pre-Election Program, the second Anti-Corruption Strategy of Armenia (2008) has set as the main issue the effective implementation of anti-corruption measures, criminalization and public support to reduce operational, administrative and political corruption in the spheres of public governance and economic activities. The Government approved the Anti-Corruption Strategy and its implementation Action Plan for 2009-2012. Respective bodies are obliged to periodically report on their Action Plan implementation progress. Wide engagement of civil society representatives in the process of monitoring the strategy implementation has been ensured. To promote effective cooperation between law-enforcement bodies and civil society and, therefore, greater transparency of the state's anticorruption activities, it was decided to make the activities of the state anticorruption bodies fully available to the public. To this end, in 2010-2011, anonymous 'hotlines' providing free-of-charge consultation to citizens were set up at all anticorruption bodies, and public reception rooms were established in the 10 provinces and the capital.

3. IMPROVING PUBLIC SERVICES

3.1 Improving public services

- Currently the types of activities subject to licensing are reduced from 169 to 97, 10 of which require easy licensing procedures, whereas 87 require more detailed approaches. An electronic system for obtaining a license has been introduced (www.e-gov.am), which significantly reduced the waiting period for obtaining a license or a permit.
- Reform of vehicle technical inspection. The purpose of this innovation which entered into force in 2011 is the elimination of corruption. As a result, the citizens receive the tags for the vehicle technical inspection only after having made the payment in a commercial bank.
- Reform of the State Committee of Real Estate Cadaster secondary registration. Until recently, before each state registration of a right or granting of unified information, a real estate site inspection was carried out. However, since April 2011 the mandatory requirement for site inspection and measurement of the property for the secondary registration has been waived. Starting from June 2011 the mandatory notarized ratification requirement for real estate transactions (except for unilateral transactions) provided by the Civil Code was lifted and a transaction institute based on signature authenticity recognition was introduced.

- To increase the quality of service provided by the taxation system, a modern Call Center was launched for taxpayer services. The database of frequently asked questions and clarifications is regularly updated on the Website. Electronic terminals are located in the tax inspectorates, customs, checkpoints and taxpayer service centers, which provides taxpayers with an efficient way to prepare and submit reports electronically, and also to be informed on the latest changes in tax legislation.
- The regulation on providing a record by the medical facility for outpatient medical care (policlinic). With the resolution adopted in June 2011 employees or citizens applying for a job will no longer be required to submit documents not covered by the legislation.
- Reform in the sector of obtaining driver's licenses. The requirement for references from polyclinic and psychiatric institutions to be presented to the traffic police has been removed.
- Reform of the services provided by notaries. The Government's Decree No. 733-N of May 26, 2011, approved new tariffs for paid services provided by notaries. The new decision regulates in detail the process and precisely lists the prices of paid services provided by notaries. Particularly, the concept "especially complex transactions" is being abolished, which was designed for a service fee of 5-20 minimum wage-folds. It establishes that the fee paid by the notary has to include not only the study of all documents and the clarification, but also the provision of exemplary forms. Those who apply to a notary through tariff clarification will be in more favorable conditions, and this will limit the choice of certain notaries to consider some services that are particularly difficult and to determine higher prices. It became a mandatory requirement for notaries to have cash registers.
- Thanks to a number of modifications introduced in the system of Compulsory enforcement of judicial orders, the "Live auction" was introduced. It allows the organization of electronic auctions, which excludes any interference from public authorities or any person not provided by the law in the auction process.
- Reforms in Civil status registration process; the restriction of the territorial aspect for state registration of a marriage has been deleted, allowing provincial residents to register their marriages in the capital. The waiting period for marriage registration has been reduced, and the reasons for which the marriage registration may be accelerated (pregnancy, military service, etc.) have been clarified.

OGP COMMITMENTS

Armenia's commitment to build an open government embraces the grand challenges of effectively managing public resources and increasing public integrity. To address these challenges, the following objectives will be pursued:

EFFECTIVELY MANAGING PUBLIC RESOURCES

1.1 Fostering Open Government through E-Governance

- **Introduction of a unified payment system (portal):** A single payment system of state fees (licenses, permits, services, etc.), which will allow payment by bank credit card or a terminal. Through this system the amount paid will be available for observation by the state body.
- **State car inspection improvements; vehicle registration, provision of drivers' licenses, electronic system of penalties and payments.** The one-stop shop principle for car registration, driver's license provision, fine payment, tracking the process with 12-digit code.
- **Implementation of an electronic system for consular services:** The electronic system of consular services (provision and exchange of passports, passport validity extension, providing background check information and certificates of return, etc.).
- **Implementation of Mail-Armenia system:** A personal e-mail address will be provided to citizens who apply for a passport for the first time. All types of state notifications will be submitted to that address.
- **Introduction of e-statistics system:** State statistical service reports via electronic filing system.
- **Introduction of e-documentation sharing system in urban communities:** All 48 urban Administrations of Armenia will be connected to the Mulberry electronic documentation sharing system.

1.2 Reviewing the regulatory normative legal acts (Regulatory Guillotine Project)

- The Government of Armenia has embarked on a broad regulatory simplification reform known as the “regulatory guillotine.” The guillotine makes use of best international practices to count, review, and streamlines the national regulatory frameworks affecting business activity and the daily lives of citizens. The reform aims at eliminating or simplifying legal norms that are not needed or are not business friendly. This quick framework plan will result in an improved business environment creating better opportunities for FDI and promoting economic development and job

creation in Armenia. Moreover, a Draft Law on state registration of legal entities, state record of legal entity's separate units, establishments, individual entrepreneurs as well as other draft laws related to betterment of business environment have been submitted to the Government for its consideration.

1.3 Improving Internal Audit System for the Public Sector

- The government will continue enhancing the audit system to achieve a greater degree of transparency in managing public resources. It is planned to start the implementation of the new internal audit system from the second quarter of 2012. By the end of 2012 the internal audit system must be implemented in all central governmental entities, town communities and commercial and non commercial government organizations. This requires introducing effective methods and procedures for risk assessment and internal audit methods and tools complying with the international standards and best practices, as well as training of relevant staff. Further developments in the area of internal audits will also require the development and implementation of an internal audit qualification system and continuous training and development programs for internal auditors.

1.4 Improving Procurement Procedures

- To ensure transparency, accountability and lawfulness of public procurement, the government embarked on improving further the existing procurement system and enhancing the institutional capacity of public procurement bodies. It is planned to introduce a reporting system by the authorized body to disclose more detailed information about procurements made by contracting entities. Additionally, to minimize the risks of conflicts of interests and exercise better control over compliance with public procurement procedures, it is planned to develop code of conduct for procurement officials. Meanwhile, continuous training and development programs will be developed and introduced. Also, by the end of 2013 it is planned to fully implement and ensure effective use of e-procurement systems to enhance transparency and competition in public procurement. The official websites www.gnumner.am and www.armeps.am will be improved in order to function more effectively and provide complete information on procurement procedures.

1.5 Improving budget planning and reporting systems through full utilization of program budgeting

- To ensure evidence-based policy formulation embedded in budget decisions, the government will fully introduce program budgeting by 2014. In parallel to budget formulation improvements, the new systems will improve reporting and accountability on the use of public funds through transparent reporting on sector/ministry

performance (rather than on finances only). These reforms will also contribute to improvements in internal and external auditing systems.

2. INCREASING PUBLIC INTEGRITY

2.1 Promoting Access to Information

- **Ensuring Transparency of Asset Declarations:** Asset and income declarations of high-ranking officials will be published in a publically accessible way, such as on the Internet website of the newly established Ethics Commission, which is also in charge of analyzing the content of declarations.
- **Standardization of Official websites' content:** The standardization process will be designed to ensure a unified structure for government websites (including budget related information in data formats that will support public expenditure analysis), the publication of essential information on government websites, and the successful usability of the sites for all target audiences. The standards will also ensure regular publication of information prescribed by the “Law on Freedom of Information”, such as budgets, budget implementation reports, vacancies, contact information of officials, etc.
- **Improvement of Knowledge and Skills of Public Servants on Access to Information:** In cooperation with non-governmental organizations, training sessions for civil and community servants will be regularly organized. These training sessions will help public servants to work openly and accountably with the public, as well as to appropriately process and respond information requests.

2.2 Promoting transparency and objectiveness in tax administration

- By the end of 2013 it is planned to amend the code of professional ethics and liability in tax administration, and to introduce the system of professional conduct oversight and conflict of interest management within the tax administration services. It is also planned to fully switch to an online regime process, which means that at least 90 percent of all taxpayers' reports should be processed online. To raise public awareness and improve customer care, customer service and information centers will be established to provide assistance to taxpayers. By the end of 2013 it is planned to increase the number of customer service users by 15 percent as compared to the baseline. Relevant guidelines for taxpayers will be available online and updated regularly.

2.3. Fight against corruption

- To stimulate effective cooperation between law-enforcement bodies and civil society fighting corruption and institutional bribery, the Government will regularly discuss with civil society organizations the results on monitoring and research for assessing the level and extent of corruption, as well as the impact of anti-corruption measures taken by the Government conducted by the mentioned organizations. Based on these discussions, the Government will make necessary corrections in the formulation and implementation of its anti-corruption policies.
- A unit (Secretariat) will be established to assist the Council on the Fight against Corruption and its Monitoring Commission to perform efficiently their functions. It will also facilitate the establishment of cooperation between state bodies and civil society organizations.