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**Public**  
**Greco RC-I/II (2008) 3E**  
**Addendum**

## **Joint First and Second Evaluation Round**

### **Addendum to the Compliance Report on Armenia**

Adopted by GRECO  
at its 47<sup>th</sup> Plenary Meeting  
(Strasbourg, 7-11 June 2010)

## I. INTRODUCTION

1. GRECO adopted the Joint First and Second Round Evaluation Report on Armenia at its 27<sup>th</sup> Plenary Meeting (10 March 2006). This report (Greco Eval I-II Rep (2005) 3E) addressed 24 recommendations to Armenia and was made public on 10 March 2006.
2. Armenia submitted the Situation Report required under the GRECO compliance procedure on 27 September 2007. On the basis of this report, and after a plenary debate, GRECO adopted the Joint First and Second Round Compliance Report (RC Report) on Armenia at its 38<sup>th</sup> Plenary Meeting (13 June 2008). This last report was made public on 4 November 2008. The Compliance Report (Greco RC-I/II (2008) 3E) concluded that recommendations v, vi, vii, ix, xii, xiii and xiv had been implemented satisfactorily and recommendations i, ii, iii, viii and xxiv had been dealt with in a satisfactory manner. Recommendations iv, xi, xvi, xvii, xviii, xix, xx, xxi and xxiii had been partly implemented and recommendations x, xv and xxii had not been implemented; GRECO requested additional information on their implementation. This information was provided on 23 December 2009.
3. The purpose of this Addendum to the Joint First and Second Round Compliance Report is, in accordance with Rule 31, paragraph 9.1 of GRECO's Rules of Procedure, to appraise the implementation of recommendations iv, x, xi, xv, xvi, xvii, xviii, xix, xx, xxi, xxii and xxiii in the light of the additional information referred to in paragraph 2.

## II. ANALYSIS

### **Recommendation iv.**

4. *GRECO recommended to establish a model for systematic training of police officers, prosecutors and judges on issues of corruption and money laundering.*
5. GRECO recalls that in the RC report it had found that, while a model for systematic training of police officers, prosecutors and judges had been established as regards money laundering, the fact that some training courses had been organised for these groups of practitioners on corruption did not amount to the actual establishment of a model of systematic training on corruption.
6. The Armenian authorities now report that, as regards money laundering, the Central Bank of Armenia has drafted a national training programme and carried out training courses during the period 2006-2009 for prosecutors, police and staff of the National Security Service. The United Nations Office on Drugs and Crime (UNODC) has, moreover, been providing long-term technical assistance through the organisation of anti-money laundering training courses and the training of trainers, in line with the national training programme.
7. As regards corruption, the Armenian authorities report that the Police Academy Training Department dedicated 232 hours during the period 2007-2008 to lectures on anti-corruption issues. Moreover, further to a decree of the Police Chief of 5 March 2009, it was decided to add four days of in-service training on anti-corruption and anti-money laundering issues for police officers at all levels of responsibilities. A training programme of 24 hours on corruption and money laundering has been added to the initial and in-service training of judges by a January 2009 decision of the Training Committee of the Council of Courts Chairmen. In the framework of the implementation of the Anti-Corruption Strategy for the period 2009-2012, regular training courses are also being organised on corruption issues by the Judicial School. Finally, the Prosecutor

General approved, on 30 March 2009, a new programme for periodic training of prosecutors on corruption containing 24 lessons to be provided on a yearly basis.

8. GRECO takes note of the information provided. It notes that as regards training on money laundering issues, the information submitted represents a continuation of the initiatives presented in the RC report, which it had already assessed as satisfactory. GRECO welcomes the steps that have been taken since the RC report to provide, on a more systematic basis, initial and in-service training to police officers, prosecutors and judges on issues related to corruption, on what appears to be a continuous basis.
9. GRECO concludes that recommendation iv has been implemented satisfactorily.

#### **Recommendation x.**

10. *GRECO recommended to consider reducing the categories of persons enjoying immunity from prosecution and to abolish, in particular, the immunity provided for parliamentary candidates, members of the central electoral commission, members of regional and local electoral commissions, candidate mayors and local council candidates.*
11. GRECO recalls that on the basis of the information provided by the Armenian authorities for the RC report, it had concluded that no consideration had been given to a reduction of the categories of persons enjoying immunity.
12. The Armenian authorities now report that the National Assembly adopted, on 20 May 2010, laws amending the Electoral Code and the Law on the Special Investigative Service to abolish the immunity provided for parliamentary candidates, members of the central electoral commission, members of regional and local electoral commissions, candidate mayors and local council candidates, as well as members of the Special Investigative Service.
13. GRECO takes note of the information provided. It welcomes the adoption of legislative amendments abolishing the immunity of parliamentary candidates, members of the central electoral commission, members of regional and local electoral commissions, candidate mayors and local council candidates, as well as that of members of the Special Investigative Service, which was not specifically mentioned in the recommendation.
14. GRECO concludes that recommendation x has been implemented satisfactorily.

#### **Recommendation xi.**

15. *GRECO recommended to reconsider the procedures for lifting immunities of prosecutors and judges by reducing the involvement of predominant individual decision makers (i.e. the President of the Republic/Prosecutor General).*
16. GRECO recalls that, while it had noted in the RC report that the procedure for lifting the immunity of a judge had been somewhat simplified, the President of the Republic still retained full discretion in the matter. The same was true for the lifting of immunity of prosecutors, which still depended only on the Prosecutor General.
17. The Armenian authorities report that the National Assembly adopted, on 20 May 2010, amendments to the Law on Prosecution abolishing the deciding role of the Prosecutor General in

the initiation of proceedings and the lifting of immunity of prosecutors. As regards judges, the composition of the Council of Justice was changed, the President of the Republic being no longer a member of this body.

18. GRECO takes note of the information provided and welcomes the adoption of the amendments to the Law on Prosecution abolishing the discretionary role of the Prosecutor General in the lifting of prosecutors' immunity. As regards judges, it welcomes the fact that the President of the Republic is no longer a member of the Council of Justice. However, it notes that the President of the Republic still has discretion to take the final decision on the immunity lifting of judges.
19. GRECO concludes therefore that recommendation xi has been dealt with in a satisfactory manner.

#### **Recommendation xv.**

20. *GRECO recommended to issue guidelines for use by all categories of public officials when confronted with situations where personal/financial interests or activities may raise issues of conflict or partiality with regard to public officials' duties and responsibilities. It also recommends to consider making wider use of rotation in sectors of public administration particularly exposed to a risk of corruption.*
21. GRECO recalls that it had been noted in the RC report that the provisions on conflict of interest in the existing Law on Civil Service, as well as in the draft Law on Public Service then under consideration, did not fulfil the need for a general conflict of interest standard applicable to all public officials that would include guidance in relation to their outside interests and activities. Concerning the second part of the recommendation on the wider use of rotation, it appeared that it had been considered only *in abstracto* and not in relation to specific sectors of public administration which were particularly exposed to a risk of corruption.
22. The Armenian authorities make reference to the draft Law on Public Service, which is meant to regulate areas such as conflicts of interest and rotation of public servants, the acceptance of gifts, reporting obligations and the introduction of a code of ethics and specify that relevant procedures and mandatory training programmes will be established after its adoption. They also mention several bilateral cooperation activities with a number of EU Member States which include training courses on corruption matters. As regards the second part of the recommendation, the authorities state that amendments to the Law on Police Service were adopted, on 11 June 2009, in order to introduce rotation in police services. The subsequent implementation decree introduces rotation for senior positions in the visa and passport departments. The National Assembly also adopted amendments to the Law on Penitentiary Service and the Law on the Service Ensuring Compulsory Execution of Court Acts ("SECECA"), which stipulate compulsory rotation of the governors of penitentiary institutions, SECECA headquarters unit heads, Yerevan city unit heads, regional unit heads, deputy unit heads and department heads.
23. GRECO takes note of the information provided. As regards the second part of the recommendation, it welcomes the steps taken to widen the use of rotation in certain sectors of public administration and trusts that this positive development will be pursued and extended to further sectors. As regards the first part of the recommendation, however, GRECO cannot but note that little progress has been made since the adoption of the RC report. The draft Law on Public Service is still not in force. Moreover, it does not respond to the need for general guidance, applicable to all public officials, in relation to their outside interests and activities, as pointed out in

the RC report (paragraph 79). The various training activities reported, while useful, are not a proper substitute for a general reference document, such as a code (or codes) of conduct, to which officials may refer in the light of the various situations that may arise in the course of their professional and personal lives.

24. GRECO concludes that recommendation xv has been partly implemented.

**Recommendation xvi.**

25. *GRECO recommended to introduce an effective system for verifying declarations of property and income in respect of all public officials whose service duties could be affected by conflicts of interest.*
26. GRECO recalls that in view of the information submitted at the time of the RC report, its concerns raised in the Evaluation report remained about the ability of tax authorities to effectively manage and review the vast quantity of information contained in the declarations of property and income in view of the lack of an appropriate methodology for doing so. Moreover, the plan of having a new Law on Property and Income Declaration of Natural Persons replace the then applicable Law on the Declaration of Property and Income of Senior Officials of Authorities in the Republic of Armenia would not be a move in the right direction, as its purpose and focus were on tax issues rather than on the fight against corruption.
27. The Armenian authorities now state that an Ethics Commission for high-ranking officials, as well as several ethics commissions for lower-rank officials will be established in all government agencies, pursuant to the draft Law on Public Service. These commissions will receive, publish electronically the declarations of interest submitted by the public officials on a yearly basis and will review them in order to detect conflicts of interest. They will submit their conclusions to the relevant state body and, in case of a conflict of interest or other violation of ethical rules, they will also publish relevant information on their website.
28. GRECO takes note of the information provided and welcomes the planned creation, under the draft Law on Public Service, of ethics commissions which will have the competence to receive, publish and review declarations of interests submitted by public officials in order to detect possible conflicts of interest. However, as this draft law is not yet currently in force, GRECO cannot but observe that this system is not yet currently in place.
29. GRECO concludes that recommendation xvi remains partly implemented.

**Recommendation xvii.**

30. *GRECO recommended to lower the value of any gifts that may be accepted by civil servants, employees or other officials to levels that clearly do not raise concerns regarding bribes or other forms of undue advantage and that a reporting obligation in respect of gifts of any value be introduced.*
31. GRECO recalls that in the RC report, it had noted that a reporting obligation had only been introduced in the draft Law on Public Service in respect of gifts above a certain value, that the threshold above which gifts are to be reported was relatively high and that it was not clear if the reporting obligation was applicable to all employees/officials in the public administration.

32. The Armenian authorities now report that the draft Law on Public Service has been submitted to the National Assembly, that the declaration requirement it imposes will apply to all public servants and officials under this Law and that the threshold value of gifts which cannot be accepted and have to be reported will be lowered to AMD 50,000 (about EUR 100) for gifts received from the same person during the same calendar year and AMD 250,000 (about EUR 550) for the total value of gifts received during a calendar year.
33. GRECO takes note of the information provided and welcomes the significant decrease of the threshold value above which gifts will have to be reported. However, this reporting obligation does still not apply to *any* gifts and moreover, the draft Law on Public Service has not yet come into force.
34. GRECO concludes that recommendation xvii remains partly implemented.

#### **Recommendation xviii.**

35. *GRECO recommended to give high priority to the planned preparation of a code of ethics for public administration and to ensure that all public officials receive appropriate training and that the code is accessible to the public.*
36. GRECO recalls that it had considered in the compliance report that even though an article of the draft law on Public Service was devoted to ethical standards and that the “Rules of Ethics of a Civil Servant” had been made applicable to civil servants at municipal level, a single article and a document, which only contained 17 rules and was already in force at the time of adoption of the Evaluation report, could not be regarded as a fully-fledged code of ethics. Besides, no information had been provided on appropriate training given to public officials.
37. The Armenian authorities report that the EU-Armenia European Neighbourhood Policy Action Plan foresees the elaboration of a code of conduct for civil servants and that, as a result, the “Ethics of Public Servants” chapter in the draft Law on Public Service has been improved. The authorities also stress that several training activities on ethics and conflicts of interest are planned, under the aforementioned Action Plan, as well as under the 2009-2012 Implementation Action Plan of the Anti-Corruption Strategy. Finally, mention is made of a pilot activity called “Knowledge Exchange Series through the Development Education Global Network”, implemented with the support of the World Bank, which involved interactive discussions with representatives of European countries on conflicts of interest regarding civil servants.
38. GRECO takes note of the information provided. It welcomes the planned organisation of training activities on ethics for civil servants, but finds it unfortunate that none of these activities have yet been carried out. Moreover, even if the chapter on “Ethics of Public Servants” in the draft Law of Public Service – which, as already mentioned, has not yet been adopted – has indeed been improved, it does not itself contain a code of ethics but merely refers to its future adoption by the government, once the draft Law on Public Service comes into force. GRECO cannot therefore but consider that no meaningful progress has been made on this part of the recommendation.
39. GRECO concludes that recommendation xviii remains partly implemented.

#### **Recommendation xix.**

40. *GRECO recommended to introduce clear rules/guidelines and training for public officials to report instances of corruption, or suspicions thereof, which they come across in their duty and to establish adequate protection for public officials who report instances of corruption (whistleblowers) in good faith.*
41. GRECO recalls that the legal provisions contained in the draft Law on Public Service to address this recommendation had not entered into force at the time of adoption of the RC report, that no guidelines and training had been organised for public officials besides those employed by the Tax Service and that an adequate system for the protection of whistleblowers had not been established.
42. The Armenian authorities state that Article 23 of the draft Law on Public Service introduces a reporting obligation for public servants who, in the course of their duties, come across offences or illegal activities, including corruption, committed by other public officials. This article also stipulates that the security of those having reported such offences in good faith has to be protected by the competent bodies. The authorities mention furthermore that training courses for employees of the Tax Service have been organised (see also under recommendation xxiii) and that further training activities on ethics are planned for other public officials (see paragraph 37). Finally, they refer to the Anti-Corruption Action Plan, which contains measures aimed at increasing the effectiveness of the protection granted to witnesses, experts, victims and persons who voluntarily report corruption offences.
43. GRECO takes note of the information provided. It welcomes the introduction, pending the adoption of the draft Law on Public Service, of a duty of public officials to report instances of corruption which they come across in the course of their duty and the general principle according to which protection of those reporting in good faith must be guaranteed. It notes however that the actual system of protection of whistleblowers, as well as training on the reporting duty for public officials other than employees of the Tax Service will only be established after the adoption of the law.
44. GRECO concludes that recommendation xix remains partly implemented.

#### **Recommendation xx.**

45. *GRECO recommended to systematically collect and evaluate - at central level - information on complaints about breaches of ethical rules within the public administration as well as on the outcome of disciplinary proceedings in order to identify shortcomings in concrete areas of the public administration and, based on this evaluation, to take measures to make the necessary changes for improvement.*
46. GRECO recalls that in the RC report, it found that some steps had been taken to centralise data on breaches of ethical rules, but that it could not conclude from the information submitted that this data was in any way being evaluated and used in the manner envisaged by the recommendation.
47. The Armenian authorities submit that the Civil Service Council (hereafter CSC) adopted on 19 and 20 May 2010 decrees amending its rules of operation according to which the chiefs of the relevant staff units have to report the breaches of ethical rules within public administration to the

CSC. The Department of Supervision and Analysis of the CSC will collect, review and evaluate this information and submit periodically a report to the CSC.

48. GRECO takes note of the information provided. It welcomes the adoption of decrees of the Civil Service Council establishing a procedure for the systematic collection and evaluation at central level of information on breaches of ethical rules by civil servants. It regrets however that this late establishment of the relevant procedure means that the actual gathering and evaluation of information is not yet currently operational.
49. GRECO concludes that recommendation xx has been dealt with in a satisfactory manner.

**Recommendation xxi.**

50. *GRECO recommended to ensure that both natural and legal persons establishing companies be checked and monitored with respect to possible criminal records or professional disqualifications.*
51. GRECO recalls that an amendment to the Law on the State Registration of Legal Persons had been drafted at the time of adoption of the RC report, according to which registration of a legal person would be refused if the founders of the legal person had been convicted for certain offences. However, as this amendment was not yet in force, the recommendation could not be considered as implemented.
52. The Armenian authorities submit that amendments to the Law on State Registration of Legal Persons were adopted by the National Assembly on 20 May 2010, according to which past convictions or professional disqualifications of founders are now a ground for refusal of the legal person's registration. Relevant information has to be submitted by the police as regards past convictions and by the applicant him/herself as regards professional disqualifications.
53. GRECO takes note of the information provided and welcomes the adoption of amendments to the Law on the State Registration of Legal Persons.
54. GRECO concludes that recommendation xxi has been implemented satisfactorily.

**Recommendation xxii.**

55. *GRECO recommended to establish liability of legal persons for offences of bribery and money laundering and to provide for sanctions that are effective, proportionate and dissuasive, in accordance with the Criminal Law Convention on Corruption.*
56. GRECO recalls that a law on liability of legal persons was being drafted at the time of adoption of the RC report but, as the preparation of this draft was still at a very early stage, it had assessed the recommendation as not implemented.
57. The Armenian authorities indicate that the Law on Combating Money Laundering and the Financing of Terrorism, adopted in June 2008, establishes the liability of legal persons for offences of money laundering and foresees a range of sanctions, ranging from fines to the liquidation of the legal person. As regards offences of bribery and trading in influence, the authorities submit that a revised version of a new draft Code on Administrative Infringements has been submitted to the government. According to this draft, legal persons may be held liable for



some administrative offences and subject to a range of sanctions from warnings to termination of their activity.

58. GRECO takes note of the information provided and welcomes the establishment of liability of legal persons for money laundering offences. It also takes note of the draft amendments to the Code of Administrative Infringements establishing the liability of legal persons for a series of administrative offences against economic activities. However, none of these offences relate to acts of bribery and trading in influence. These are namely incriminated in the Criminal Code, which still does not foresee the liability of legal persons.
59. GRECO concludes that recommendation xxii has been partly implemented.

### **Recommendation xxiii.**

60. *GRECO recommended to establish guidelines and provide special training for the tax authorities concerning the detection of corruption offences and their reporting to the competent law enforcement agencies.*
61. GRECO recalls that, although a reporting requirement for tax officials to report any indication of corruption offences had been introduced and one training session had been organised, the adoption of guidelines and the provision of further training was still needed in order to facilitate the detection of corruption offences and to improve co-operation with law enforcement authorities.
62. The Armenian authorities state that the State Revenue Committee has, with the support of an international expert, adopted Guidelines on the Detection of Corruption Offences and their Reporting to the Competent Law Enforcement Agency, modelled on the OECD Bribery Handbook for Tax Examiners, which tax inspectorates have had to apply since July 2009. Moreover, training courses on the topic of detection of corruption and reporting to the competent law enforcement agencies were organised for 6 trainers and 112 tax officers who, in turn, delivered courses on the same topic to 300 tax officers of various units.
63. GRECO takes note of the information provided and welcomes the adoption and distribution of the Guidelines as well as the training of trainers and tax officers on the topics foreseen by the recommendation.
64. GRECO concludes that recommendation xxiii has been implemented satisfactorily.

### **III. CONCLUSION**

65. In addition to the conclusions contained in the Joint First and Second Round Compliance Report on Armenia and in view of the above, GRECO concludes that recommendations iv, x, xxi and xxiii have been implemented satisfactorily and recommendations xi and xx have been dealt with in a satisfactory manner. Recommendations xv, xvi, xvii, xviii, xix and xxii have been partly implemented.
66. With the adoption of this Addendum to the Joint First and Second Round Compliance Report, GRECO concludes that out of the 24 recommendations issued to Armenia, in total 18 recommendations have now been implemented satisfactorily or dealt with in a satisfactory manner. GRECO expects that further positive developments can be signalled in the near future, in particular in respect of the five recommendations pertaining to public administration, almost

none of which has been implemented satisfactorily or dealt with in a satisfactory manner. It is regrettable that the draft Law on Public Service, which was already in preparation at the time of adoption of the RC report, has still not come into force; more determined action must also be taken as regards the adoption of codes of ethics. Moreover, liability of legal persons for bribery and trading in influence offences must also be reviewed.

67. The adoption of the present Addendum to the Compliance Report terminates the Joint First and Second Evaluation Round compliance procedure in respect of Armenia. The Armenian authorities may, however, wish to inform GRECO of further developments with regard to the implementation of recommendations xv, xvi, xvii, xviii, xix and xxii.
68. Finally, GRECO invites the Armenian authorities to translate the report into the national language and to make the translation public.