

## **Information regarding the anti-corruption strategy of the Republic of Armenia and its implementation as part of a programme of measures to combat corruption and economic crime for the period 2009-2012**

The fight against corruption and specific forms of economic crime is one of the most pressing challenges faced today, and it is no coincidence that in recent years, the Government and the law enforcement agencies of the Republic of Armenia have joined forces with a view to making their efforts to combat such crimes more systematic.

In countering corruption, Armenia adheres to a policy of prevention, identification and elimination of the causes of corruption, the detection and uncovering of corruption-related offences and the inclusion of civil society in actions to combat what is a dangerous phenomenon. As a result of that policy, positive developments have been achieved in a number of areas. In particular, numerous legislative acts relating to the fight against corruption have been adopted; mechanisms such as the civil service, the declaration by officials of their property and income, licensing and the State registration of legal persons have been placed on solid foundations; and specialized State service entities — the police, the Armed Forces, the tax authorities and the diplomatic service — continue to be reformed.

The Government of the Republic of Armenia, taking as its point of reference the provisions of international instruments and domestic legislation relating to the problem of corruption, has accorded the fight against corruption high priority among its activities. A national anti-corruption strategy and a programme of measures to implement that strategy for the period 2009-2012, establishing the State policy of the Republic of Armenia in that area, together with objectives and expected results, have been prepared and adopted.

The programme for implementation of the anti-corruption strategy imposes significant obligations on all State agencies, including the law enforcement bodies.

In compliance with that programme, active steps have been taken by the national police to ensure effective fulfilment of the obligations undertaken. As a result, tangible progress in efforts to combat corruption-related offences has been reported in recent years.

For example, whereas 550 such offences were registered nationwide in 2009, including 81 reported by the General Directorate for Combating Organized Crime, and 638 in 2010, including 108 reported by the same body, 181 were registered within only the first three months of 2011. Moreover, the increase in the number of offences registered has been accompanied by an increase in the effectiveness of detection of such offences.

In parallel with operational and investigative work undertaken in relation to the fight against corruption-related and economic crimes, serious efforts are being undertaken by the national police to combat and counter harmful forms of systemic corruption, restore public confidence and trust in the police and strengthen and develop cooperation and communication between the police and the public. Internal control and action against corruption within the system ensure heavy penalties for any violation of ethics or of moral standards, improper conduct on the part of police officers and any act compromising the honour and prestige of the police forces. Internal anti-corruption measures are being implemented in all areas of police activity, particularly those areas involving large-scale interaction with the public and in which certain forms of corruption are likely to occur.

Within the police system, particular attention is accorded to increasing the professional expertise of police staff. Special training sessions are periodically organized as part of thematic modules relating to the fight against corruption with the aim of developing skills in the detection of corruption-related offences. In addition, a police subdivision responsible for carrying out special operations to uncover and prosecute corruption has been established within the General Directorate for Combating Organized Crime.

In order to increase the effectiveness of efforts to combat corruption, the national police have put forward proposals for the introduction of significant legislative amendments. Specifically, draft legislative acts amending and supplementing the Criminal Code of the Republic of Armenia and related acts — namely the Bank Secrecy Act, the Act on Combating Money-Laundering and the Financing of Terrorism and the Act on Operational and Investigative Activities — have been drawn up. A draft law on the implementation of amendments and additions to the Law of the Republic of Armenia on Operational and Investigative Activities has been prepared by the General Directorate for Combating Organized Crime. The proposed amendments are aimed at improving the procedure for the conduct of investigative operations known as “operational exercises”, which are carried out chiefly during operational and investigative activities and particularly in the detection and uncovering of corruption-related offences. The adoption of the draft law will therefore help to increase the effectiveness of actions to combat such offences.

In fighting corruption, the police force has developed active cooperation with other law enforcement agencies, particularly the Prosecutor-General’s Office of the Republic of Armenia, the National Security Service, the customs and tax authorities and a number of civil society organizations.

Armenia is also combating corruption through its membership of international organizations engaged in anti-corruption efforts; through the consequent implementation of the recommendations made and safeguards established by international professional organizations and agencies; and through its ratification of international conventions and fulfilment of the requirements stipulated in those instruments. The national police are engaged in close cooperation with a number of international agencies, including the Group of States against Corruption (GRECO), the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) and the International Monetary Fund with a view to adopting international best practices. A further key to success in combating corruption is active and effective cooperation between law enforcement agencies and civil society. Unfortunately, civil society, the contribution of which is the most effective means of ensuring the transparency of the activities of State agencies, currently plays no such role in Armenia.

The media are also expected to play a role, namely in raising public awareness of corruption and its causes and dangerous consequences, publicizing and making widely available information on the activities of anti-corruption agencies and bringing acts of corruption to the attention of the law enforcement agencies.

**Measures implemented by the State Revenue Committee of the Government of the Republic of Armenia to combat corruption**

1. A system for assessing the performance by customs officials of their duties has been introduced.
2. Procedures for the promotion and rotation of customs officials have been established.
3. Regulations in force relating to the conduct of customs officials have been strengthened.
4. The number of persons that submit customs declarations using the “self-declaration” system has increased. The services of customs brokers have become more widely available as the result of the establishment of customs brokers’ offices at all regional customs facilities, customs points and customs warehouses.
5. Two-lane customs control systems have been introduced at many (more than two thirds of) border customs points.
6. A system for recording the time taken to complete customs formalities has been created.
7. A procedure for combining the separate controls carried out at customs points, based on the “one-stop” principle, has been established.
8. The number of documents required for the purposes of customs control has been reduced in light of international experience.
9. International experience in the legislative regulation of customs procedures has been studied, including proposals for legislative amendments, on the basis of which legislation governing the regulation of customs procedures has been reviewed. That legislation is now in line with international standards and international experience.
10. Procedures for determining the customs value of goods have been brought fully into line with the requirements of the World Customs Organization and have been made publicly available.
11. A system of internal control aimed at ensuring fair conditions of economic competition has been introduced.
12. A system for providing the general public with regular updates on the progress of reforms of customs procedures has been introduced.
13. The procedure for lodging complaints in respect of the activities of the Customs Service and customs officials has been revised and publicized.

A hotline has been set up for the general public and for entities engaged in foreign trade activities and a feedback facility has been set up on the official website of the Customs Service.
14. Guidelines for businesses on the use of information technologies and the application of customs procedures have been published and posted on the official website of the Customs Service.

Training courses for customs brokers are conducted periodically.
15. Terms of reference for the post of tax official have been adopted.

An awards system based on indicators of tax officials’ performance has been introduced.
16. The Tax Service is now operating a training centre and a system of mandatory refresher training for tax officials has been established. The syllabuses for such training include topics relating to means of combating corruption.
17. International experience in the rotation of tax officials has been studied and the procedure governing such rotation has been revised accordingly.

18. Procedures for monitoring the compliance of the activities of the Tax Service with the law have been established.

The regulations in force governing the conduct of tax officials have been revised.

19. An automated system for sending notifications to taxpayers has been introduced. A system for notifying taxpayers that they have the possibility to submit their tax returns electronically has also been introduced.

20. Methods and procedures for identifying corruption during the investigation of tax-related offences have been introduced.

21. Guidelines for the uniform application of internal tax administration procedures have been adopted.

An updated report of errors frequently made by tax officials and taxpayers is produced each month.

22. Procedures for the internal audit and risk assessment of tax authorities have been established. A system for making the results of internal audits available to the public on a regular basis has been set up.

23. Procedures for lodging complaints in respect of the activities of the Tax Service and the actions of officials have been revised.

A hotline for members of the public and taxpayers is in operation and a feedback facility is available on the official website of the Tax Service.

24. A proposal to establish an institute of tax intermediaries has been approved.

**Information on the activities of the State Commission for the Protection of Economic Competition of the Republic of Armenia relating to the prevention and combating of corruption in the area of protection of economic competition and to the raising of public awareness**

In 2010, the State Commission for the Protection of Economic Competition of the Republic of Armenia (hereinafter referred to as “the Commission”) drew up a package of draft laws on amendments and additions to the Act on the Protection of Economic Competition, amendments and additions to the Act on the Organization and Conduct of Audits in the Republic of Armenia and additions to the Act on the State Registration of Legal Persons.

The amendments and additions related to the according of new powers to the Commission, the clearer definition of its functions and the strengthening of the legislative regulation of competition. They were adopted in accordance with the priorities established by the Government of the Republic of Armenia under a programme of measures relating to the activities and priority tasks of the Government for 2009 and taking into account the need to implement a strategic programme of measures to combat corruption in the Republic of Armenia.

The package of draft laws was prepared in order to increase the effectiveness of the Commission’s activities; accordingly, the need to strengthen the effectiveness of implementation of a number of legislative provisions in accordance with international standards and requirements was also taken into account.

International practice, the recommendations of international experts — in particular, the Organization for Security and Cooperation in Europe (OSCE), the World Bank and the Deutsche Gesellschaft für Internationale Zusammenarbeit (“German Agency for International Development”, known by its German acronym “GIZ”) — and the experience of competition agencies of the States members of the Commonwealth of Independent States were taken into account in the drafting of the package of laws.

The legislative package was submitted to the National Assembly of the Republic of Armenia for consideration and in April 2011 was adopted on second reading.

The Commission comprises seven members and adopts its decisions at public meetings at which it invites press and business representatives to participate in the consideration and adoption of those decisions.

In order to increase the effectiveness of cooperation with civil society and the transparency of the Commission’s activities and to monitor compliance with legislation on competition, a civil council has been established under the Commission. The council comprises representatives of businesses and of civil society organizations engaged in protecting consumer interests. The council was established to engage the general public in examining competition-related problems.

The main reasons for violation of legislation on competition continue to be ignorance of relevant laws, a low level of competition culture in Armenian society, weak regulation with regard to competition rules and the lack of effective regulatory mechanisms relating to competition.

The Commission is therefore intensifying its work to promote competition, specifically by organizing seminars; publishing bulletins, in print and electronic form, containing comprehensive information on its operational activities; and maintaining a website ([www.competition.am](http://www.competition.am)), which is viewed by a large number of users. In addition, a hotline has been set up, offering a feedback mechanism for the business community and the general public as a whole, and an intensive programme to develop activities with the mass media is being implemented.

In the same context, the Commission has signed an agreement with the Ministry of Finance with a view to strengthening the control of procedures relating to public procurement and, in particular, the detection of anti-competitive agreements between participants in tendering for procurement contracts. The maximal reduction of risk of abuse and corruption and of anti-competitive collusion among participants is particularly important in that regard. The Commission is currently continuing to intensify its cooperation with the Ministry of Finance with the aim of developing an effective and transparent system of procurement for State and municipal needs and facilitating the development of economic competition.