

Validation of Armenia

Final assessment of progress in implementing the EITI Standard

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Acronyms

AMD	Armenian Dram
APR	Annual progress report
BO	Beneficial ownership
CJSC	Closed joint-stock company
CSO	Civil society organisation
EIA	Environmental impact assessment
EITI	Extractive Industries Transparency Initiative
GDP	Gross domestic product
IA	Independent Administrator
LLC	Limited liability company
MoJ	Ministry of Justice
MoU	Memorandum of Understanding
MTAI	Ministry of Territorial Administration and Infrastructure
OJSC	Open joint-stock company
SOE	State-owned enterprise
SRC	State Revenue Committee
ToRs	Terms of Reference
USD	United States dollar

Executive summary

This Validation report presents the findings of the International Secretariat's Validation of Armenia, which commenced on 1 July 2023. The draft report was finalised for review by the multi-stakeholder group (MSG) on 15 January 2024. Following comments from the MSG on 12 February 2024, the Validation report was finalised for consideration by the EITI Board. The assessment suggests that Armenia has exceeded one EITI Requirement, fully met 24, and mostly met two, with six EITI Requirements assessed as not applicable.

Key achievements

- Despite broader geopolitical challenges and the impact of the COVID-19 pandemic, Armenia demonstrated continuous commitment to the EITI and actively worked on ensuring implementation of the key activities under the Armenia EITI work plan. Consulted stakeholders indicated that the period since the previous Validation has been particularly challenging due to the territorial conflict in Nagorno-Karabakh (Artsakh) and the restrictions related to the COVID-19 pandemic. This had an impact on the national priorities, scope of EITI implementation and capacity of stakeholders involved in the EITI process. Despite these challenges, most planned activities were implemented, and stakeholder commitment was sustained.
- Armenia maintained consistent progress in disclosing financial and non-financial data for the metal mining sector and continued its efforts to strengthen systematic disclosure of relevant data. Some information, such as mining permit and beneficial ownership data, is already systematically disclosed through government portals. Additionally, the [Armenia EITI data portal](#) provides financial data and key sector indicators. Stakeholder consultations indicated ongoing efforts related to strengthening disclosure of data through government systems and ensuring better interoperability of the metal mining sector data between different portals.
- Continuous progress has been demonstrated in amending relevant legislation to strengthen transparency and accountability in the metal mining sector. Available documentation and stakeholder consultations provided several examples of such reforms, particularly related to beneficial ownership transparency, environmental taxes and distribution of royalties.

Areas for development

- While available documentation notes significant outreach and awareness-raising efforts, stakeholder consultations indicated that public capacity and understanding of the metal mining sector and potential uses of EITI data could be further strengthened. This could, for example, be achieved by discussing topics that go beyond the EITI Standard such as responsible mining and are of public and national interest.

- Consulted stakeholders indicated continuous progress in data disclosure and data availability. However, opportunities for further enhancing data use were noted, with an aim to catalyse further public debate and support reforms in the metal mining sector.
- International rankings and stakeholder consultations confirmed the existence of an enabling environment for civil society participation with regard to relevant regulations as well as actual practice in implementation of EITI. However, some stakeholders have raised concerns over the potential application of recent legislative reforms in future, reinforcing the need for the Armenia EITI MSG to monitor developments related to civic space. Stakeholder consultations and available documentation indicated that these amendments had not limited civil society's ability to express their views about the mining sector governance and engage in EITI activities in the period under review. The MSG is encouraged to continuously monitor that there are no obstacles to civil society participation in the EITI process and natural resources management.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

Despite a number of national challenges, all constituencies have been fully, actively and effectively engaged in the EITI process since the previous Validation. Consulted stakeholders across constituencies highlighted that EITI remained a useful platform for discussion of issues related to the metal mining sector in Armenia and fostering the transparency agenda. At the same time, consulted stakeholders indicated that the territorial conflict in Nagorno-Karabakh (Artsakh), including declaration of martial law in 2020, and the COVID-19 pandemic had significant impact on government priorities, stakeholder capacity, scope of EITI implementation and opportunities for in-person meetings. Available documentation and stakeholder consultations noted that the majority of the MSG's communications and decision-making were maintained through remote discussions and electronic communication. According to the 'Stakeholder engagement' template, the MSG admitted that such approaches to MSG oversight ensured fulfilment of the key activities and progress in addressing the EITI Standard but recognised that the number of in-person meetings was insufficient to address the full scope of issues related to strengthening the transparency and accountability agenda. Consulted stakeholders noted that this issue has been discussed with the MSG, with an agreement to increase the number of meetings in upcoming years.

Transparency

Armenia has maintained and strengthened EITI disclosures and transitioned to a more risk-based approach to reconciliation. A large amount of EITI data is disclosed through the [Armenia EITI data portal](#) as well as relevant government and company portals. Stakeholder consultations indicated overall satisfaction with availability and comprehensiveness of disclosed EITI data, including continuous improvements in data collection and presentation. There is also evidence of legal amendments aimed at strengthening regulation and addressing some issues identified through

data disclosures. Consulted stakeholders also highlighted a strong focus on digitisation efforts, including strengthening systematic disclosure of data and interoperability of the metal mining sector information on different portals. The MSG could consider further work related to confirming data quality and reliability of information on the mining sector disclosed through EITI reporting. At the same time, consulted stakeholders noted that the COVID-19 pandemic and other national-level challenges had had an impact on disclosures and data analysis, in particular, related to aspects that go beyond the EITI Standard. The MSG is encouraged to consider activities that could facilitate discussions on emerging policy areas that are of public interest.

Outcomes and impact

Armenia maintained continued progress on ensuring informed public debate, addressing recommendations from EITI implementation and reviewing the outcomes of EITI implementation. In the period under review, Armenia EITI conducted a variety of outreach and dissemination activities, involving different constituencies, including representatives of local communities. EITI reporting is presented in a clear and comprehensive manner, which provides good grounds for data use and analysis. Consulted stakeholders highlighted the progress in ensuring data access and noted opportunities for further strengthening of capacity-building efforts to ensure more robust data use and strengthen evidence-based public debate on the metal mining sector. Progress on addressing the objectives set in Armenia EITI work plans is documented and regularly reviewed through quarterly or semi-annual progress reports.

Validation scorecard

Component & module	EITI Requirement	Progress	Score	
Outcomes and impact		High	92/100	
Extra points	Effectiveness and sustainability indicators		2	
Outcomes and impact	Work plan (#1.5)	Fully met	90	↓
	Public debate (#7.1)	Fully met	90	=
	Data accessibility and open data (#7.2)	Fully met	90	-
	Recommendations from EITI (#7.3)	Fully met	90	=
	Outcomes & impact (#7.4)	Fully met	90	=
Stakeholder engagement		High	90/100	
Multi-stakeholder oversight	Government engagement (#1.1)	Fully met	90	=
	Industry engagement (#1.2)	Fully met	90	=
	Civil society engagement (#1.3)	Fully met	90	=
	MSG governance (#1.4)	Fully met	90	=
Transparency		High	87/100	
Overview of the extractive industries	Exploration data (#3.1)	Fully met	90	=
	Economic contribution (#6.3)	Fully met	90	↓
Legal and fiscal framework	Legal framework (#2.1)	Fully met	90	↓
	Contracts (#2.4)	Fully met	90	=
	Environmental impact (#6.4)	Fully met	90	=
Licenses	Contract and license allocations (#2.2)	Fully met	90	=
	License register (#2.3)	Fully met	90	=
Ownership	Beneficial ownership (#2.5)	Exceeded	100	-
State participation	State participation (#2.6)	Not applicable	-	-
	In-kind revenues (#4.2)	Not applicable	-	-
	SOE transactions (#4.5)	Not applicable	-	-
	SOE quasi-fiscal expenditures (#6.2)	Not applicable	-	-
Production and exports	Production data (#3.2)	Fully met	90	=
	Export data (#3.3)	Fully met	90	=
Revenue collection	Comprehensiveness (#4.1)	Fully met	90	↓
	Barter agreements (#4.3)	Not applicable	-	-
	Transportation revenues (#4.4)	Not applicable	-	-
	Disaggregation (#4.7)	Fully met	90	=
	Data timeliness (#4.8)	Fully met	90	=
	Data quality (#4.9)	Mostly met	60	↓
Revenue management	Distribution of revenues (#5.1)	Fully met	90	=
	Revenue management & expenditures (#5.3)	Not assessed	-	-
Subnational contributions	Direct subnational payments (#4.6)	Fully met	90	=
	Subnational transfers (#5.2)	Fully met	90	=
	Social and environmental expenditures (#6.1)	Mostly met	60	↓
Overall score		High	89.5/100	

How EITI Validation scores work

Component and overall score

The three components of EITI Validation – “Transparency”, “Stakeholder engagement” and “Outcomes and impact” – each receive a score out of 100. The overall score represents an average of the component scores.



Assessment of EITI Requirements

Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.



- **Exceeded** (100 points): All aspects of the requirement, including “expected”, “encouraged” and “recommended” aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.

1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Armenia addresses nationally relevant extractive sector challenges and risks.

The [Mining Sector Development Strategy for 2023-2035](#) indicates the EITI is one of the strengths of the mining sector in Armenia, contributing to transparency and accountability of the sector. Preparation of the EITI Reports is included in the government's five-year action plans.

The objectives of the EITI implementation are clearly documented in the Armenia EITI work plans and are linked to national priorities (see *Requirement 1.5*). The EITI appear to address relevant metal mining sector challenges, including strengthening institutional capacities and systematic disclosures of metal mining sector data. The Outcomes and impact engagement template and stakeholder consultations highlighted the progress related to beneficial ownership transparency where the metal mining sector was the first sector to pilot the disclosures, leading to expansion of the reform to other sectors of economy.

The previous Validation indicated public interest and EITI involvement in responsible mining. Stakeholder consultations confirmed continuous public interest in the topic; however, it was noted that limited progress has been achieved due to external factors, such as the COVID-19 pandemic, that affected stakeholder capacity and prioritisation of activities.

Consulted stakeholders noted that significant progress on embedding EITI implementation into the broader transparency agenda had been achieved since Armenia joined the EITI. Activities in the period under review primarily built on the progress achieved before the previous Validation, in particular, related to approaches to disclosures and data quality. For example, consulted stakeholders noted continuous work aimed at strengthening systematic data disclosure and data interoperability which is in line with the broader digitisation agenda in the country.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.2 Systematic disclosures of extractive industry data

This indicator considers the extent extractive sector data is disclosed systematically through routine government and corporate reporting.

A significant share of data within the scope of the EITI Standard is routinely disclosed through the [Armenia EITI data portal](#) and relevant government portals (for example, [MTAI](#) and [Statistics](#)

[Committee](#)). However, disaggregated financial data appear to primarily rely on the annual EITI data collection process and are disclosed through the Armenia EITI data portal. Stakeholder consultations indicated plans for integrating the EITI in government and company systems and ensuring interoperability of different relevant databases. Strengthening systematic disclosures of EITI data is part of Armenia EITI work plans and includes a number of relevant activities, such as preparation of a systematic disclosure study, systematic disclosure software development, capacity building for relevant government agencies and other. There is little evidence of reforms underway in the areas covered by the EITI Standard and the MSG's work plan where there are opportunities for mainstreaming EITI disclosures.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

The Outcomes and impact template and stakeholder consultations indicated that the legislative and regulatory environment for the extractive industries, and its application, support the participation of citizens, including affected communities, in decision-making about how extractive resources are governed. There are also a number of mechanisms, such as the [unified system for publishing drafts of legal drafts](#), that support citizen participation in discussions and development of relevant legislation.

The Validation workshops, courses and other awareness-raising events were organised by Armenia EITI to strengthen community capacities (see *Requirement 7.1*). However, available documentation and stakeholder consultations did not clearly elaborate on the MSG's approach to addressing challenges related to citizen participation as well as the impact of EITI implementation on communities in mining regions.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

The Outcomes and impact template notes that the EITI data have been used during the development of the [Mining Sector Development Strategy for 2023-2035](#). Additionally, a comprehensive list of examples of data use and relevant links are provided in the Outcomes and impact, and Stakeholder engagement templates. Consulted stakeholders highlighted that the metal mining sector data were available in a user-friendly format that allowed interested stakeholders to access and analyse it and noted continuous improvement of data accessibility.

For example, financial data and data related to the contribution of the mining sector to the economy are routinely disclosed in a timely manner through the Armenia EITI data portal. Beneficial ownership, mining permits, environmental tax and environmental impact assessment (EIA) data are systematically disclosed through relevant government agencies. Consulted stakeholders noted the ongoing efforts related to strengthening data interoperability. At the same time, stakeholder consultations indicated that while data use had been continuously improving, there remained challenges with engaging a broader group of stakeholders in mining sector data use and analysis.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

The Outcomes and impact template notes that, during the period under review, the legislation and practice on the environmental tax as well as implementation of environmental and health projects in the affected communities were improved. Consulted stakeholders indicated that the scope of companies paying environmental tax had been reviewed and expanded. The amendments to the Law “On targeted use of environmental payments made by companies” are detailed in the 2019 Armenia EITI Report. In addition, in 2022, the Government of Armenia adopted new regulations related to royalty distribution, according to which 2% of the royalties from mining will be distributed to the affected communities, which is expected to support development and implementation of relevant socio-economic projects starting from 2024.

Moreover, the Outcomes and impact template and stakeholder consultations indicate that a number of legislative amendments related to beneficial ownership transparency were adopted based on the first rounds of disclosures for the metal mining sector.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Work plan (Requirement #1.5)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 1.5 is fully met. Armenia was assessed as having gone beyond meeting this requirement in the previous Validation. The objective of this requirement is to ensure that the annual planning supports implementation of national priorities for the extractive industries while laying out realistic activities that are the outcome of consultations with the broader government, industry, and civil society constituencies. The annual EITI work plan should be a key accountability document for the MSG with respect to broader constituencies. The Secretariat’s assessment in light of document analysis and stakeholder consultations is that this objective has been met.</p> <p>Objectives of the 2021-2022 work plan, approved on 20 April 2021 and revised on 27 April 2022, are linked to the EITI principles and promote the implementation of national priorities for the extractive industries, as are the objectives of the 2023-2024 work plan approved on 20 June 2023. EITI implementation is linked to and has informed the government’s Strategy for the Development of the Mining Sector, adopted in 2023, and activities set out in the work plan were included in the government’s Five-Year Action Plans.</p> <p>The work plans were developed following a consultative process that engaged all broader constituencies. Consultations confirmed that recommendations from stakeholders beyond the MSG were taken on board in preparing the EITI work plans. The civil society constituency used their platform to incorporate views from broader constituencies, in particular partner organisations and affected communities.</p> <p>All work plans, revised versions and implementation reports are publicly accessible through the EITI Armenia website and have been reviewed and updated annually. The work plans include objectives, measurable and time-bound activities, planned costs, funding sources and a risk assessment per activity. Activities are aimed at strengthening capacity and systematic disclosures, addressing legal obstacles in the metal mining sector, implementing recommendations of the previous Validation and EITI implementation, and disclosure of beneficial ownership, among others. The work plan activities for 2021-2022 were developed to ensure that the EITI process contributes to systematic disclosure of data and beneficial ownership disclosure, including the launch of the online beneficial ownership register, capacity building for submitting declarations, legal acts to improve the process for disclosures, and the monitoring of published data. It also included an objective and activities to expand the scope of EITI implementation, as well as capacity building and outreach activities on EITI processes and data, and responsible mining practices. The work plan objectives for 2023-2024 follow similar priorities, and an increased focus on strengthening key stakeholders’</p>

	<p>capacity to use EITI data. These align with the priorities indicated by stakeholders in consultations.</p> <p>The MSG has held quarterly, semi-annual and annual revisions of progress against the work plan, documented through progress reports which are publicly available. The 2021-2022 work plan was also reviewed through an implementation report, approved by the MSG on 29 June 2023, which included a colour scheme to indicate status of completion. This colour scheme highlighted that 32 activities had been completed, 16 were ongoing, 12 had not been started, and nine were not implemented. Narrative notes have been provided for certain activities to clarify progress in the implementation process, particularly shedding light on the reasons behind activities that were not carried out. The 2023-2024 work plan has built on this and has also incorporated new activities in line with the aforementioned objectives.</p>
<p>Public debate (Requirement #7.1)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 7.1 is fully met, as in the previous Validation. The objective of this requirement is to enable evidence-based public debate on extractive industry governance through active communication of relevant data to key stakeholders in ways that are accessible and reflect stakeholders’ needs. Based on available evidence and stakeholder consultations, the Secretariat’s assessment is that the objective has been met.</p> <p>Armenia EITI has actively sought to disseminate findings from EITI reporting. The 2020-2021 Armenia EITI Report is publicly accessible on the website of EITI Armenia, both in Armenian and English languages. EITI Reports from the three prior periods are also available online in both languages. Armenia EITI’s online reporting platform also contains information submitted by metal mining companies and government agencies. Users can access disaggregated financial and economic data of the sector’s revenues through filtering and graphic generation tools on the platform, and compare data from different fiscal years. The progress of EITI implementation and updates on ongoing EITI activities are covered in the quarterly and semi-annual progress reports, published on the Armenia EITI website.</p> <p>The official website of EITI Armenia serves as a platform for the dissemination of accessible information. Legal acts, documents, studies, news and analytical reviews are available on the website. In addition to the EITI annual reports, EITI summary reports are also published. The printed copies of these summary reports were distributed to different stakeholders every year during the period under review. Short video clips covering EITI activities have also been released (see some examples here, here and here). The accounts of EITI Armenia on Facebook, Youtube and Twitter serve as platforms to engage with broader audiences, and are regularly updated, publishing information on EITI implementation and the mining industry, and ensuring access and awareness to the general public.</p>

	<p>Efforts have been made to promote EITI disclosures through 14 conferences, forums, workshops, meetings, and trainings, conducted by or jointly with EITI Armenia for CSOs, media, communities, and other stakeholders, throughout the period under Validation. Conferences were held to present the 2019 and 2020-2021 Armenia EITI Reports to audiences of over 100 representatives across all constituencies. Capacity-building workshops were held on topics such as Armenia's mining fiscal regime, responsible mining, the beneficial ownership submission platform, corruption risks in the extractive sector, use of beneficial ownership data, beneficial ownership verification, technical requirements of systematic disclosures, and royalty allocations to community budgets, among others. These workshops resulted in training of over 200 individuals from government, civil society and the private sector. Printed copies of EITI reports and summary reports, as well as booklets on EITI activities, were distributed to the interested stakeholders during the workshops, meetings, and conferences.</p> <p>The MSG has tailored its communication and dissemination efforts to cater to diverse user subgroups, such as the media, CSOs, community representatives, and women, in Armenia. These groups have distinct information requirements and varying levels of proficiency in utilising accessible EITI data. Workshops were organised targeting specific groups including CSOs, the media, women, and communities. These workshops encompassed diverse topics, such as capacity building for journalists to use beneficial ownership data, a training for communities in Tsaghkadzor, or an open talk to highlight the role of women participating in implementing beneficial ownership reforms.</p> <p>EITI data has been used to promote public debate through the publication of over 100 articles by investigative journalists from Hetq, Factor, Ecolur and the Freedom of Information Center throughout the period under Validation. These articles were documented in Validation templates and referred to extractive sector data from systematic disclosures (see example here), beneficial ownership disclosures (see examples here, here and here), or actively discussed ongoing and recent reforms in the extractive sector (see here and here). The full list of articles is available in the Outcomes and impact template. Investigations using EITI data also promoted public debate on the awareness of communities of socio-economic obligations of metal mining companies. Stakeholder consultations highlighted that CSOs are actively using information on taxes, subsoil rights, beneficial ownership and contracts, and actively sharing this information with broader constituencies. Consulted stakeholders have also referred to the active role of the EITI national secretariat in promoting involvement from civil society and journalists, and linking them up with government agencies to retrieve necessary information for the investigations.</p> <p>Consulted stakeholders have also underscored the relevance of the EITI process in promoting public debate on the improvement of policies, including active discussions and involvement from civil society and broader constituencies in the passing of the Law "On Targeted Use of Environmental</p>
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	<p>Tax Paid by Companies” and its impact on communities, or in the process of legal reforms to promote and enabling environment for beneficial ownership disclosures. There have also been active discussions in the development of the national mining strategy. While the government and company constituencies have lauded the improvements in processes such as public consultations thanks to this strategy, the civil society constituency has raised concerns regarding the fewer consultations expected under this new strategy. Stakeholders have voiced concerns about the declining interest in addressing matters concerning the extractive sector once major events, like the enactment of laws or major investigations, subside, underscoring the ongoing diligence demanded of the national secretariat in fostering public debate. Furthermore, challenges have been voiced about the difficulties in involving a more extensive cross-section of citizens, extending beyond the current familiar stakeholders engaged in extractive sector issues.</p> <p>Although engagement with academic institutions and Parliament has not been a core part of activities to promote public debate, the 2023-2024 work plan includes activities to strengthen the capacity to use EITI data with these stakeholders.</p>
<p>Data accessibility and open data (Requirement #7.2)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 7.2 is fully met. The objective of this requirement is to enable the broader use and analysis of information on the extractive industries, through the publication of information in open data and interoperable formats. The Secretariat considers the objective to be fully met.</p> <p>Armenia’s MSG adopted its Open Data Policy on 6 December 2017. The policy refers to completeness of the data, publishing the raw data and the metadata, data sources, timely publication, accessibility and data formats, inclusivity, storage, free access and open license. Digitalisation is, overall, a national priority, as set out in the Armenia Digitalisation Strategy for 2021-2025. The 2020-2021 EITI Reports submitted by the metal mining companies and government agencies are available in an open data format on Armenia EITI’s online reporting platform. The platform covers systematically disclosed information from fiscal years 2016 to 2022 on production and exports, employment, taxes and fees, among other datasets. Users can access the data using various filters and visualisation tools and, if necessary, export it in PDF and Excel formats. There are plans to ensure that data is better integrated with systematic disclosures through government and company systems, as part of the overall national digitalisation strategy.</p> <p>The EITI summary data files for each year have been published on the EITI Armenia website. Substantial efforts have also been made to publish beneficial ownership disclosures through the online register of the Ministry of Justice’s State Register of Legal Entities and contracts through the register of mining rights and mining contracts (including all amendments and annexes) on the website of the Ministry of Territorial Administration and Infrastructure.</p> <p>Certain gaps, such as lack of interoperability and limited machine readability of certain EITI data, have prompted the MSG to work towards the</p>

	<p>development of the relevant software and the launch of an EITI unified data platform. Specific activities to ensure the systematic disclosure of EITI data have been outlined in the EITI work plans. All systematically disclosed data required by the EITI Standard should be published in open format to support an assessment of Requirement 7.2 as 'exceeded' in future Validations.</p>
<p>Recommendations from EITI implementation (Requirement #7.3)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 7.3 is fully met, as in the previous Validation. The objective of this requirement is to ensure that EITI implementation is a continuous learning process that contributes to policy-making, based on the MSG regularly considering findings and recommendations from the EITI process and acting on those recommendations it deems are priorities. Based on available evidence and stakeholder consultations, the Secretariat considers the objective met.</p> <p>The Outcomes and impact template demonstrates that the MSG has actively sought to address recommendations from the previous Validation, EITI Reports and scoping studies. Activities to address these gaps have been included in the 2021-2022 and 2023-2024 work plans. For example, activities to address recommendations regarding the technical and legal improvements of the EITI electronic reports submitted by the metal mining companies and state bodies, which were presented by the Independent Administrator in the 2020-2021 Armenia EITI Report, have been included in the 2023-2024 work plan.</p> <p>The EITI process contributed to impact on the development of extractive sector policies, including participation in public consultations for the establishment of the environmental targeted programmes and to incorporate allocations to affected communities from collected royalties. This led to the improvement of legislation to ensure the implementation of environmental targeted programmes and for allocations to affected communities from collected royalties. Starting in 2021, targeted environmental projects can be implemented by the affected communities of all metal mining companies. In addition, legal requirements for the transparency and accountability of environmental programmes and their performance have also been set for the communities. Amendments to legal acts adopted in 2022, starting in 2024, 2% of the royalties paid by companies will be deducted in favour of the affected communities in order to finance projects and activities aimed at socio-economic development.</p> <p>The quarterly and semi-annual progress reports on EITI implementation, discussed and approved by the MSG, are considered during revisions of the work plans, as they highlight gaps and challenges. The 2023-2024 work plan was also developed based on the information from these reports. Stakeholders have emphasised that the process of drafting progress reports has served as a valuable learning tool, facilitating the tracking of priorities and recommendations that still require attention and action.</p> <p>While there seems to be no specific public mechanism that clearly tracks progress against the follow-up on all recommendations stemming from EITI implementation and Validation, there is evidence of a mechanism to follow-up</p>

	<p>on activities on recommendations from the previous Validation and EITI Reports are mentioned in the work plans and progress reports, and actions towards these have been clearly stated out in the Outcomes and Impact template.</p> <p>Stakeholders have mentioned that EITI implementation has gone beyond the minimum requirements of the EITI Standard through the expansion of beneficial ownership disclosures from the extractives to all sectors. In addition, Armenia is considered to be one of the first countries globally to apply the Beneficial Ownership Data Standard (BODS) in collecting beneficial ownership data. Beneficial ownership disclosures for the extractive sector are now available in the Open Ownership register, through support from the Opening Extractives programme. Furthermore, due to the concerted efforts of the MSG, the government has now published all extractive contracts. In addition to the mining contracts in the metal mining sector published since 2018, non-metallic minerals extraction contracts have also been published since 2021.</p> <p>The Outcomes and impact template also highlights that the lessons learned from the experience of using the analytical tools of the EITI reporting platform were instrumental in developing the Terms of Reference for the systematic disclosure platform, which is considered an EITI national priority and is to be developed as part of the 2023-2024 work plan.</p>
<p>Review the outcomes and impact of EITI implementation (Requirement #7.4)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 7.4 is fully met, as in the previous Validation. The objective of this requirement is to ensure regular public monitoring and evaluation of implementation, including evaluation of whether the EITI is delivering on its objectives, with a view to ensuring the EITI’s own public accountability. Based on available documentation and stakeholder consultations, the Secretariat’s assessment is that the objective has been met.</p> <p>EITI Armenia did not produce annual progress reports for either 2021 or 2022. It had previously produced annual progress reports for the period 2017 to 2020. However, quarterly and semi-annual progress reports have been published for the years under review. These include a summary of EITI activities undertaken in the reporting period and an account of the outcomes of these activities. These also include actions undertaken to address issues that the multi-stakeholder group has identified as priorities for EITI implementation. Although these reports do not perform a clear assessment of progress towards meeting each EITI Requirement, or steps taken to exceed the requirements, stakeholders have underscored the impact of developing the reports in assessing progress against the work plan. Stakeholders emphasised that the process for developing progress reports supports assessing the impact of EITI implementation.</p> <p>The 2020-2021 Armenia EITI Report includes recommendations for improving the EITI reporting process, including suggestions for reporting templates submitted by stakeholders, on the online data collection system and broad recommendations for inclusion in the work plan. However, it does not detail</p>

	<p>an assessment of progress towards meeting each EITI Requirement, nor activities to address recommendations from the previous Validation or EITI Reports. It does report on progress towards responsible mining practices, including activities towards capacity building, developments on beneficial ownership disclosure and the development of a draft strategy for the development of the mining industry in 2022.</p> <p>Overall, consulted stakeholders did not raise concerns related to the process of preparing progress reports or their content.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 1.5, Armenia is encouraged to include in future work plans activities related to analysing and using data related to revenue management and expenditure, social expenditures, subnational transfers, and contracts. • To strengthen implementation of Requirement 7.1, Armenia is encouraged to promote capacity building to strengthen stakeholders' analysis of financial data, to strengthen engagement with research institutions and to engage with parliamentarians to ensure that EITI data helps inform their decision-making. Armenia should continue to foster public debate through outreach and dissemination efforts, ensuring gender considerations in the design and implementation of these activities. • To strengthen implementation of Requirement 7.2, Armenia is encouraged to continue its efforts towards the creation of a unified platform for systematic disclosures that can be interoperable with other government portals and published as open data. • To strengthen implementation of Requirement 7.3, Armenia is encouraged to continue tracking progress against activities, to follow up on all recommendations from previous Validations, EITI Reports and other studies developed through EITI implementation. Armenia is also encouraged and to ensure that progress in addressing recommendations endorsed by the MSG is regularly monitored. • To strengthen implementation of Requirement 7.4, Armenia is encouraged to develop a clear tool for the monitoring and evaluation of the impact of EITI implementation, and to incorporate these findings in annual EITI Reports and annual reviews of impact and outcomes. 	

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Government engagement (Requirement #1.1)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 1.1 is fully met, as in the previous Validation. The objective of this requirement is to ensure a full, active and effective government lead for EITI implementation, both in terms of high-level political leadership and operational engagement, as a means of facilitating all aspects of EITI implementation. Consulted stakeholders across all constituencies considered that the objective has been met, which supports available documentation and is consistent with the Secretariat’s assessment.</p> <p>Available documentation indicates that the government constituency remained committed to the EITI since the previous Validation. EITI implementation in Armenia is chaired by a Deputy Prime Minister and was included in the Government’s 2021-2026 Action Program. The government constituency includes senior officials (Deputy Minister or Secretary General) of relevant state agencies. Available MSG meeting minutes confirm that government representatives take an active role in MSG discussions. Consulted stakeholders from all constituencies noted that broader challenges, such as the COVID-19 pandemic and regional geopolitical issues, had a significant impact on government priorities and capacity to work on different thematic areas, including extractive sector governance. At the same time, consulted stakeholders confirmed that relevant government agencies and officials provided core support to EITI implementation and relevant data for EITI reporting.</p> <p>Commitment to the EITI process has been regularly expressed at Armenia EITI events, including at the latest presentation of the 2020-2021 Armenia EITI Report.</p> <p>According to the ‘Stakeholder engagement’ template, the Government of Armenia provided continuous support to funding of the EITI process. For example, the national secretariat continued to be fully funded from the state budget. In addition, the template notes that relevant government agencies provided administrative support through, for instance, maintenance of relevant databases. Government support directed at EITI implementation is clearly noted in Armenia EITI work plans.</p> <p>The ‘Stakeholder engagement’ template also notes the government’s efforts directed at strengthening the legal and regulatory framework, including expansion of contract transparency efforts to the non-metallic mining sector, improvement of legal regulations for beneficial ownership (BO) transparency, expansion of the scope of environmental payments and royalty distribution reforms. The template and consulted stakeholders confirmed that government representatives participated in various outreach and</p>

	<p>dissemination activities, including trainings for local communities on environmental payments and deductions from royalties.</p> <p>According to the ‘Stakeholder engagement’ template and stakeholder consultations, the wider constituency was involved in relevant working groups, in particular for EITI reporting and BO transparency topics. Consulted stakeholders remarked that the responsible mining working group was temporarily inactive due to a number of broader challenges and limited stakeholder capacity but noted that the work on this thematic area is expected to be reinvigorated in the upcoming years.</p>
<p>Industry engagement (Requirement #1.2)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 1.2 is fully met, as in the previous Validation. The objective of this requirement is to ensure that extractive companies are fully, actively and effectively engaged in the EITI, both in terms of disclosures and participation in the work of the multi-stakeholder group, and that the government ensures an enabling environment for this. Consulted stakeholders across all constituencies considered that the objective has been met considering regular company reporting and engagement in the EITI process.</p> <p>Available documentation, including the Stakeholder engagement template, indicates that the industry constituency has been fully engaged in the EITI process since the previous Validation. The industry constituency is represented by six mining companies operating in Armenia, with changes in MSG representatives described in the ‘Stakeholder engagement’ template. MSG meeting minutes confirm regular participation of the industry constituency members in MSG discussions. Representatives of the national secretariat confirmed timely submission of company data required for the EITI reporting process and industry responsiveness to provide any clarifications in case of such requests.</p> <p>According to the ‘Stakeholder engagement’ template, company representatives participated in events aimed at dissemination and use of EITI data. Consulted stakeholders confirmed that coordination with the broader industry constituency is primarily facilitated through the Union of Miners and Metallurgists of Armenia, including sharing relevant documentation.</p> <p>Available documentation and stakeholder consultations indicated that there were no obstacles to the participation of the representatives of the extractive companies in the process of EITI implementation in the period under review. EITI reporting became mandatory for companies in 2018; consulted stakeholders confirmed consistent disclosure of requested data by industry constituency since then, including non-material companies.</p>
<p>Civil society engagement (Requirement #1.3)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 1.3 is fully met, as in the previous Validation. The objective of this requirement is to ensure that civil society is fully, actively and effectively engaged in the EITI process, and that there is an enabling environment for this. Available</p>

	<p>documentation and stakeholder consultations indicate that this objective has been fully met.</p> <p>According to the CIVICUS monitor, Armenia remains marked as amber and classified as a country with “obstructed” civic space. This is consistent with the Freedom House ranking of “partly free”, with a rating of 54/100. The Freedom House ranking notes some improvements in 2023, in particular, related to the assessment of independence of civil society and the media.</p> <p>Since the 2018 Velvet Revolution, the government focused on strengthening transparency and accountability efforts for different sectors of economy by, for example, updating existing legislation and ensuring openness of relevant data. The new (current) government elected after the revolution had strong broad support from civil society. However, available analytical studies show that opinions of civil society are currently split, with some civil society members expressing dissatisfaction or frustration with the pace of reforms and available capacity to address the national priorities.</p> <p>The civil society on the MSG consists of six representatives which were elected according to the CSO constituency’s procedures. The ‘Stakeholder engagement’ template confirms that procedures were followed in practice and clearly documents changes in membership in the period under review. The template notes that the civil society constituency on the MSG includes representatives of non-governmental organisations and academia, and sufficiently represents the wider constituency.</p> <p>Stakeholder consultations indicated that the development of the Amulsar gold mine remained one of the most discussed topics, along with the environmental impact of the metal mining activities. As in the previous Validation, the EITI process continues to be challenged by strong anti-mining views expressed by some CSOs. At the same time, there is evidence of awareness-raising activities conducted by civil society representatives and aimed at clarifying the role of EITI and inviting a broad range of stakeholders to discuss natural resource governance.</p> <p><u>Expression:</u> According to the Freedom House, independent media is relatively free and provides a robust coverage of information. It also appears that individuals are free to express their views on sensitive topics freely. This has been broadly confirmed during stakeholder consultations. At the same time, available documentation and stakeholder consultations noted several legal developments that challenged freedom of expression in the period under review, although such reforms were subsequently repealed after advocacy by civil society. For example, amendments to the Criminal Code criminalising serious insults received negative reaction from media and public and were subsequently removed in mid-2022.</p> <p>Consulted stakeholders highlighted that civil society representatives could raise issues of concern related to natural resource management without restriction or reprisal. However, it was noted that not all of civil society’s comments were consistently taken into account, in particular by agencies</p>
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	<p>outside the MSG. The ‘Stakeholder engagement’ template also highlights that some topics, such as the development of the government’s mining strategy or the increase of state participation in the metal mining sector, have not been discussed during the MSG meetings. Stakeholder consultations indicated that this was primarily due to challenges with organising in-person MSG meetings, rather than restriction of putting specific topics on agenda.</p> <p>Consulted stakeholders noted that several administrative cases against environmental activists took place in the period under review, with many administrative cases won by civil society activists. At the time of this Validation, there were a number of open defamation cases that remain under appeal, including cases related to metal mining projects (see, for example, here and here). Consulted stakeholders expressed their concerns with regard to the application of defamation provisions of national legislation. However, they highlighted that it did not have an impact on their engagement in the EITI process and their ability to freely express opinions on EITI matters in public or to use the EITI process to influence public decision-making. This appears to be confirmed through the ‘Stakeholder engagement’ template that includes a comprehensive list of examples of publications, including with critical opinions, prepared by civil society involved in the EITI process. Consulted representatives of the wider constituency also confirmed that while there were a number of legal proceedings related to particular publications, civil society and the media remained free in terms of expressing critical opinions in the period under review.</p> <p>Consulted stakeholders also expressed their concerns with regard to recent amendments to the Subsoil Code, in particular, related to community consent and the possibility of extension of mining rights in cases where operations were limited due to boycotts. Consulted civil society members highlighted that such amendments were not discussed in detail and that some feedback has not been fully taken into account.</p> <p>Consulted stakeholders noted that they did not experience any restrictions or retribution from the government side. However, they noted that government remained relatively passive in cases of civil society disagreements with companies. Additionally, it was noted that the broader geopolitical situation had had a negative impact on the broader civil society constituency and media environment, in particular, due to the ongoing Azerbaijan-Armenia conflict and possibility of publicly available information being used against Armenia and its citizens. For example, issues related to follow-up on environmental impacts of mining appear to have become increasingly politicised in the conflict between the two countries, with media articles such as this February 2023 Politico article noting that Azerbaijan has argued that Armenian-licensed mining activities have had a negative environmental impact on the Nagorno-Karabakh province.</p> <p>Overall, there appears to be sufficient evidence of civil society’s ability to speak freely and critically about metal mining sector governance issues. Concerns related to legal amendments, open defamation cases and the</p>
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	<p>broader geopolitical situation do not appear to have significantly limited freedom of expression, but will require ongoing monitoring.</p> <p><u>Operation, association, engagement, access to public decision-making:</u> The ‘Stakeholder engagement’ template and stakeholder consultations indicated that there was no significant regression related to civil society’s ability to operate, associate, engage and have access to public decision-making regarding the EITI process and key EITI documents, as in the previous Validation. There are no government constraints on civil society’s ability to access national and foreign funding. At the same time, available documentation and stakeholder consultations highlighted several areas of improvement that could be considered for strengthening civil society’s voice. In particular, it was noted that the e-draft platform developed for public review of draft legislation did not always include all drafts of legislation which led to difficulties in following-up on amendments. Moreover, concerns related to the consultation process in the development of the mining strategy were expressed. Lastly, limited scope of MSG discussions, including on topics of state participation, was noted (see <i>Requirement 1.4</i>). Nonetheless, there is evidence that the broader civil society constituency is able to contribute to EITI processes such as the development of Armenia EITI work plans, input to EITI reporting and contribute views to the annual review of EITI outcomes and impact.</p> <p>Overall, there appears to be no evidence of any new restrictions on civil society’s capacity to engage in all aspects of the EITI, which implies that there have been no breaches of the EITI protocol: Participation of civil society in the period under review. At the same time, the Secretariat recognises that further monitoring of the legal amendments is important to ensure that civil society’s rights and freedoms continue to be upheld with regard to all aspects of the EITI process and public debate on extractive industry governance.</p>
<p>Multi-stakeholder group (Requirement #1.4)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 1.4 is fully met, as in the previous Validation. The objective of this requirement is to ensure that there is an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation that balances the three main constituencies’ (government, industry and civil society) interests in a consensual manner. The Validation team notes that the MSG provided a self-assessment of “mostly met” given the lower frequency of in-person MSG meetings during this period, but considers that the broader objective of Requirement 1.4 was fully met considering continuous MSG oversight through alternative means, such as electronic approval process, despite broader national and geopolitical circumstances that affected the possibility of in-person meetings.</p> <p>Information on the current membership of the MSG is available on the Armenia EITI website and all changes since the previous Validation are described in the ‘Stakeholder engagement’ template. Information on the membership of the MSG and the process by which each stakeholder group nominated their representatives is described in the Stakeholder engagement</p>

	<p>template. The civil society and company constituencies have their own regulations on the MSG representation nomination process, which are publicly accessible. In addition to the MSG, working groups have been established for specific thematic areas and activities. For example, a working group supports and oversees preparation of EITI Reports and another covers beneficial ownership reporting. The working groups' compositions are available in appendixes to EITI Reports.</p> <p>The Terms of Reference of the Armenian MSG (MSG ToRs) are available on the Armenia EITI website. The 'Stakeholder engagement' template notes minor amendments to the ToRs in July 2023. Available documentation and stakeholder consultations confirmed that the MSG's ToRs were followed in practice, except for the scheduling of MSG meetings due to the COVID-19 pandemic. Consulted stakeholders across all constituencies confirmed that discussions of work plan activities and the MSG's decision-making process were primarily facilitated remotely through virtual means and electronic communication, as defined in the MSG's ToRs. MSG meeting minutes and electronic decisions are documented on the Armenia EITI website. Consulted stakeholders confirmed that the electronic approval process ensured fulfilment of the core work plan activities, but noted that the absence of in-person meetings in 2020 and 2021 affected the scope of discussions and implemented activities. Views of consulted stakeholders were split with regard to impact of limited in-person meetings on the objective of this requirement. The 'Stakeholder engagement' template also reflects this issue and notes that the MSG agreed to hold three in-person meetings in the upcoming year to ensure more opportunities for broader discussions on mining sector governance.</p>
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New corrective actions and recommendations

- To strengthen implementation of Requirement 1.3, Armenia is encouraged to ensure that the MSG monitors any legal developments related to the environment for civil society participation in public debate on extractive industry governance and their application, with the aim of sustaining the enabling environment for civil society participation in accordance with the EITI Civil Society Protocol and with regard to relevant laws, regulations and administrative rules as well as actual practice in the implementation of the EITI in Armenia.
- To strengthen implementation of Requirement 1.4, Armenia is encouraged to monitor that the Terms of Reference are followed in practice, in particular with regard to scheduling MSG meetings. All constituencies are encouraged to submit their proposals for additions to MSG meeting agendas to ensure that the scope of discussions includes all relevant topics of interest.

4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

Armenia discloses much information related to the overview of the country's extractive sector through various government portals and provides an analysis of recent trends and developments related to the exploration activities as well as contribution of the metal mining sector to the economy. Relevant data is also disclosed and visualised through the [EITI Armenia data portal](#) which serves as a useful tool for citizens to understand key indicators. The data on the metal mining sector's contribution to the national economy is also available through relevant government websites.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Exploration (Requirement #3.1)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 3.1 is fully met, as in the previous Validation. The objective of this requirement is to ensure public access to an overview of the extractive sector in the country and its potential, including recent, ongoing and planned significant exploration activities. Based on available disclosures, the Secretariat considers the objective has been fully met, but not yet exceeded pending the development of more systematic disclosures of this information.</p> <p>The 2020-2021 Armenia EITI Report provides an overview of the extractive industries, including relevant exploration activities in 2020 and 2021. The report notes that iron, gold, magnesium, copper and chromite were among the main confirmed metal ore reserves in the fiscal years under review, and includes an overview of discovered reserves for the main extractive regions.</p> <p>With regard to encouraged aspects of this requirement, the 2020-2021 Armenia EITI Report provides a brief analysis of reserves discovered in 2020 and 2021 as well as additional background information on the mining sector and mining activities throughout the report. For example, a number of mines is specified, including changes in legislation related to calculation of mines. Additionally, EITI reporting confirms that ASM is not applicable in Armenia. A brief history of the extractive industries has been provided through previous reporting and is available on the Armenia EITI website. However, the information on reserves and the brief history of the extractive industries does</p>

	not seem to be systematically disclosed and/or updated on relevant government (for example, MTAI website) and company portals.
<p>Contribution of the extractive sector to the economy (Requirement #6.3)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 6.3 is fully met. Armenia was assessed as having gone beyond meeting this requirement in the previous Validation. The objective of this requirement is to ensure a public understanding of the extractive industries' contribution to the national economy and the level of natural resource dependency in the economy. Available documentation and stakeholder consultations suggest that this objective has been fully met, but not yet exceeded pending stronger systematic disclosures of extractive industry employment data.</p> <p>Data on contribution of the metal mining sector to the economy is disclosed through the 2020-2021 Armenia EITI Report. The report includes information on the Gross Value Added of the metal mining sector and its percentage contribution towards Gross Domestic Product (GDP); government revenues from the metal mining sector and its percentage contribution towards total government revenues; exports of the metal mining sector and its percentage contribution towards total exports of Armenia; number of employed persons in the metal mining sector, by gender, and their percentage contribution towards total employment numbers; key regions/areas where production is concentrated. The data is comprehensive, sufficiently disaggregated and detailed. In addition, information on the key indicators is also provided (visualised) on the Armenia EITI data portal. Most data points are also available on the Statistics Committee website. However, additional sources and data collection were used to collect more disaggregated data, for example, related to employment data.</p> <p>Additionally, EITI reporting provides disaggregated employment data by leading ten mining companies and by region, and includes an analysis of recent trends and impact factors. The 2020-2021 Armenia EITI Report notes some differences in data disclosed by the Statistics Committee and reported by companies, and clarifies potential reasons for discrepancies. EITI reporting does not appear to provide employment data disaggregation by occupation level.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 3.1, Armenia is encouraged to strengthen systematic disclosures of relevant information related to the overview of the extractive industries, including information on reserves, the history of the extractive industries and an overview of significant exploration activities. • To strengthen implementation of Requirement 6.3, Armenia is encouraged to use the EITI to strengthen systematic disclosures of information on the contribution of the extractive industries to the national economy, including disaggregated data on employment by occupational level and gender. 	

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

Armenia discloses comprehensive information about the legal and fiscal framework, including the full text of contracts and licenses as well as the rules for managing the environmental impact of the extractive industries. Much of the information on the legal environment and fiscal regime is disclosed systematically through government websites, although there is scope to further strengthen these routine disclosures.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Legal framework and fiscal regime (Requirement #2.1)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 2.1 is fully met. Armenia was assessed as having gone beyond meeting this requirement in the previous Validation. The objective of this requirement is to ensure public understanding of all aspects of the regulatory framework for the extractive industries, including the legal framework, fiscal regime, roles of government entities and reforms. Based on available disclosures, the Secretariat considers the objective to be fully met, but not yet exceeded pending stronger systematic disclosures of information on significant ongoing and planned reforms in the legal environment and fiscal regime for the extractive industries, and EITI reporting that can support public understanding of the regulatory framework for the extractive industries.</p> <p>Armenia has comprehensively disclosed all required information related to the fiscal regime, including the level of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies. Relevant laws and regulations are accessible online in Armenian through its online legal information system, ARLIS. The Armenia EITI website contains a summary of relevant legislation in the sector. The main legal acts regulating or relevant to the subsoil sector are summarised in the 2019 EITI Report. The 2020-2021 EITI Report contains key changes to laws and regulations since 2018. An overview of government agencies’ roles is available in the 2019 EITI Report and described on the respective agencies’ websites. EITI Reports covering the periods 2016-2017, 2018 and 2019 refer to the mechanisms for granting mining rights. Changes to the mineral rights regime have been detailed in the 2019 and 2020-2021 EITI Reports. The detailed analysis of the legislative regulations for each type of tax that is part of the fiscal regime is presented in the 2018 EITI Report and 2016-2017 EITI</p>

	<p>Report. Changes to the legal regime are laid out in the 2020-2021 EITI Report. Changes to the fiscal mode during the reporting period are set out in the 2020-2021 EITI Report.</p> <p>As stated in the 2019 Validation report and previous EITI Reports, the fiscal regime in Armenia is rather centralised. Revenue streams collected directly by communities are specified in the 2020-2021 Report.</p> <p>Consultations with stakeholders confirmed that the EITI online documentation was a useful source of information that provided a comprehensive overview of the legal framework. Consultations also noted that several stakeholders' involvement and engagement in recently passed and planned reforms, including amendments to the subsoil law, the royalties law and the environmental impact assessment law. There is a mechanism for providing comments on draft legislation, the e-draft platform, but consulted stakeholders expressed varying opinions regarding the efficiency of that platform.</p>
<p>Contracts (Requirement #2.4)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 2.4 is fully met. Armenia was assessed as having made satisfactory progress in the previous Validation. The objective of this requirement is to ensure the public accessibility of all licenses and contracts underpinning extractive activities (at least from 2021 onwards) as a basis for the public's understanding of the contractual rights and obligations of companies operating in the country's extractive industries. Based on stakeholder consultations and available documents, the Secretariat considers that the objective has been fulfilled.</p> <p>The government policy is in favour of contract and license disclosure. Law No. HO-191-N "On Making Changes and Amendments to the Code on Subsoil" adopted in March 2018 states that the authorised body shall publish on its official website the subsoil use contracts and amendments with subsoil users extracting minerals. This policy covers extractive rights in both the metallic and non-metallic mining sectors. Full text of laws and regulations can be found on ARLIS.</p> <p>All production contracts are provided in Armenian and are available in PDF format. The link on open mining contracts available on the Armenia EITI website also provides access to all contracts for metallic and non-metallic minerals, including terminated permits, published on the MTAI website. According to government representatives, all annexes and amendments were disclosed. Information on permits is systematically disclosed on the website of the Ministry of Territorial Administration and Infrastructure (MTAI) in open data format (xls).</p> <p>According to the 2020-2021 Armenia EITI Report, some changes to the contracts were made in the fiscal years under review. These changes are comprehensively described in EITI reporting and are disclosed on the MTAI website. Additionally, the report provides an overview of the availability of annexes on companies' social obligations (see <i>Requirement 6.1</i>).</p>

	<p>No concerns regarding the comprehensiveness of information available on the MTAI website related to contract disclosure were expressed by any of the stakeholders consulted. Stakeholders from civil society consider contract transparency to be an important achievement, and highlighted the importance of disclosure in order to ensure companies adhere to their responsibilities. Civil society stakeholders stated that substantial efforts have been made to disseminate this information and to ensure communities can also make use of it. A case was raised whereby a contract included a company’s social responsibility provision that did not correspond with the needs of the community, subsequently leading to a contract amendment. This underscores the importance of this information being publicly available.</p>
<p>Environmental impact (Requirement #6.4)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 6.4 is fully met. The objective of this requirement is to provide a basis for stakeholders to assess the adequacy of the regulatory framework and monitoring efforts to manage the environmental impact of extractive industries, and to assess extractive companies’ adherence to environmental obligations. Based on stakeholder consultations and available documents, the Secretariat considers that the objective has been fully met.</p> <p>Relevant legislation on environmental impact is systematically disclosed through ARLIS (see here and here). The RA Laws on “On Wastes”, “On Environmental Impact Assessment and Expertise”, “On Environmental Control” and “On Targeted Use of Environmental Payments Made by Companies”, and the RA Tax Code and the RA Law “On State Duty” regulate environmental impact assessment responsibilities, and environmental fees and fiscal relations. The Environmental Impact Assessment Law is one of the key legal acts regulating the relations in the sector, which establishes the legal regime for the implementation of the environmental impact assessments for the processing of metal ore, minerals or mining waste. Amendments to the law on environmental control are described in the 2020-2021 EITI Report. Several other laws and bylaws regulate the metal processing sector, requiring appropriate permits for air emissions, water discharge, industrial waste disposal and storage and other production activities.</p> <p>Environmental impact assessment (EIA) conclusions are available on the Ministry of Environment website. Information on projects, conclusions and minutes of public hearings is available on the Armenia EITI website. According to the 2021-2022 EITI Report, the results of monitoring are presented to the Ministry of Environment on a quarterly and annual basis. The Ministry of Environment summarises the reports and presents them on its official website within ten working days. A summary annual report should also be presented on the mining company’s website.</p> <p>The 2020-2021 EITI Report includes a summary of all EIA examination conclusions available on the Ministry from 2014 to 2022, specifying those that have not been published. The Report highlights issues with public access to conclusions published on or before 2016 through the search button, as these are presented in the form of archived documents. An analysis of the companies</p>

	<p>that submitted environmental impact assessments in 2020 and 2021 has also been presented in the Report. It states that only 7 of the 26 EITI reporting companies during 2020, and only 6 of the 24 EITI reporting companies during 2021, submitted an environmental monitoring report.</p> <p>Government representatives consulted highlighted the importance of the amendment to the law on environmental control, which ensures that local authorities approve the start of the environmental impact assessment, thereby involving communities in the process from the start. Civil society stakeholders stated that they were actively engaged in the process of consultations for the amendment, participating in over 30 discussions on the matter. However, they expressed frustration to their lack of understanding of which version of the draft amendment would be passed.</p>
New corrective actions and recommendations	
	<ul style="list-style-type: none"> • To strengthen implementation of Requirement 2.1, Armenia is encouraged to structure relevant information related to the extractive sector legislation, to ensure that existing regulations and decrees are easily accessible. • To strengthen implementation of Requirement 2.4, Armenia is encouraged to consider ways to build the capacity of stakeholders with different levels of understanding of legal and contractual terms to empower them to use the extractive contracts and licenses that have been published. Armenia is encouraged to regularly review the comprehensiveness of published contracts and licenses, including in the non-metallic mining sector. • To strengthen implementation of Requirement 6.4, Armenia EITI is encouraged to disclose environmental impact reports received from reporting companies.

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

Armenia systematically discloses much of the information related to contract and permit awards as required by the EITI Standard through government portals, although there is scope for strengthening systematic disclosures of the practice of license awards and transfers. Armenia's Ministry of Territorial Administration and Infrastructure (MTAI) oversees the mining sector and hosts the permit register.

Progress by requirement and corrective actions

EITI Requirement / past corrective	Summary of progress in addressing the EITI Requirement
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action and assessment	
<p>Contract and license allocations (Requirement #2.2)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 2.2 is fully met, as in the previous Validation. The objective of this requirement is to provide a public overview of awards and transfers of oil, gas and mining licenses, the statutory procedures for license awards and transfers and whether these procedures are followed in practice. This can allow stakeholders to identify and address possible weaknesses in the license allocation process. Based on documentation and stakeholder consultations, the Secretariat’s assessment is that the objective has been fully met.</p> <p>The process for awarding permits is clearly laid out in the Subsoil Code and in the EITI Reports covering the periods 2016-2017 and 2018. Any changes to the process can be found in the 2019 and 2020-2021 EITI Reports. This covers two types of permits, for exploration, referred to as geological studies, and production, referred to as mineral extraction. There are no provisions for permit awards through competitive bidding, either statutorily or in practice. The bearer of the right for conducting exploration activities has a priority for receiving the right for mining exploitation. In case of absence of a person with such right, the person first submitting the application receives the permit. There are no mentions of changes in this process in the 2020-2021 EITI Report.</p> <p>The technical and financial criteria are systematically disclosed in the Armenian Legal Information System under Decision N 367-N promulgated by the Prime Minister. This is also laid out in the 2016-2017 EITI Report. As mentioned above, in case two or more persons have submitted an application with regard to the same subsoil area, the priority is given to the applicant the application of which was registered first, or whoever held the exploration rights. In case the documents provided by the applicant are deficient, or the provided study project, as well as information on financial and technical capacities and resources of the applicant, does not meet the requirements stipulated by the legislation, the MTAI, within a 10-day period, informs the applicant about it. The applicant, within 10 days after receiving the notification, has to address the gaps identified. In case the mentioned gaps are not eliminated within the defined period, the authorised body refuses the application on this basis.</p> <p>The process for transferring permits is laid out in the Subsoil Code. The 2016-2017 EITI Report also comments on the practices, rules and relevant government entities regulating transfer of subsoil use rights. The 2020-2021 EITI Report highlights changes to the procedure of transfer of subsoil use rights. Transfers are done by means of transferring ownership or participating interest; the framework does not allow transfers from one company to another. However, the rules and implications of changes in ownership and control of mining permit-holders could be further elaborated.</p> <p>No permits for metallic mineral exploration or exploitation were awarded or transferred during the period under review, and therefore there are no mentions of deviations in the latest EITI Report. Consultations with government representatives confirmed this. EITI Armenia also confirmed that the EITI process</p>

	<p>does not cover the non-metallic sector and that the MSG did not specifically review licensing rules and practices related to the non-metallic mining sector given the low materiality of payments from this sub-sector. The MTAI stated that there were seven denied permits during 2020-2021, five rejected permits for exploration and two for extraction. These rejections related to not meeting the technical or financial criteria defined by the law, such as insufficient financial means or not meeting the timeframe stipulated to provide more information, among others.</p> <p>Representatives of all constituencies confirmed that they have a common understanding of financial and technical criteria for exploration and production permit applications and the award process. Consultations with civil society stakeholders confirmed the change in process for engaging the public in the permit allocation stage in the recent amendments to the environmental law. Stakeholders stated that the amendments restrict the number of hearings from four to two in the initial stage of permit/contract allocation, and one of these is held before the information package is shared with the public. Government representatives confirmed that the changes were meant to increase efficiency and avoid redundancies, as hearings were usually duplicative and required substantial efforts with scarce impact. Civil society stakeholders also raised concerns about the permit allocation decisions, stating that there was no public engagement in the decision-making process. They referred to a case where a company, Mego Gold LLC, was granted a permit years after not operating in a responsible manner and being declared bankrupt.</p> <p>While the International Secretariat notes that Armenia EITI has not yet expanded the scope of its EITI implementation to cover the non-metallic mining sector given the low materiality of the value of payments to government from this sub-sector, it does not consider the lack of coverage of non-metallic mining license awards and transfers to constitute a material gap in Armenia’s EITI implementation of Requirement 2.2 given the low materiality of payments from this sector and the fact that non-metallic mining licenses and contracts appear to be comprehensively disclosed (see <i>Requirement 2.4</i>).</p>
<p>Register of licenses (Requirement #2.3)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 2.3 is fully met, as in the previous Validation. The objective of this requirement is to ensure the public accessibility of comprehensive information on property rights related to extractive deposits and projects. The Secretariat’s assessment is that the objective has been fulfilled given the comprehensive permit information publicly available through the MTAI register.</p> <p>Information on permits is systematically disclosed on the MTAI website in open data format (xls), covering both exploration and production permits. The permit register appears to be comprehensive and provides all relevant information required by the EITI Standard in chronological order starting from 2012. Stakeholder consultations confirmed that there are no active permits from before 2012. The latest updates to the register cover eight exploration and 24 production permits.</p>

	<p>The 2020-2021 EITI Report covers the comprehensiveness of the license register. Information published on the website fully covers the requirements of EITI (license-holder name, coordinates, dates of application, award and expiry and covered commodities), including the following data categories:</p> <ul style="list-style-type: none"> • Name of the legal entity which has been granted the permit • Date of the application submitted for being granted the permit • Permit number, date and term of issuance • Name of the mine (sector) • Coordinates of the end points of the subsoil area • Total area of the sector • Name of the mineral • Amount of depleting mineral reserves provided, basic and accompanying components and their quantity • Annual productivity of the mine • Number of the subsoil use contract and date of conclusion • Number of amendments to subsoil use contracts and date of conclusion • Permits renewal numbers, date and renewal period <p>Government stakeholders consulted confirmed that the permit register includes information about permits held by all entities. No concerns were raised on the information held in the register. Government stakeholders confirmed that the register is updated every three months and any changes are submitted as soon as received.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 2.2, Armenia is encouraged to provide more detailed information on the rejections of applications for exploration and production permits. More efforts should be made to clarify the rules and implications of change of control or ownership of metal mining permit-holders. Armenia is encouraged to expand its EITI disclosures to describe the rules and practices related to licensing in the non-metallic mining sector. • To strengthen implementation of Requirement 2.3, Armenia is encouraged to explore ways to build capacity of stakeholders to empower them to actively use the information available in the register. 	

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in full in Validation as of 1 January 2022 as per the framework agreed by the Board in June 2019.¹ The assessment consists of a technical assessment and an assessment of effectiveness.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. It demonstrates that Armenia has established a legal and regulatory framework for the collection and public disclosure of beneficial ownership information. An [online register](#) has been established and gives free access to the public to retrieve information. At present, all mining companies in Armenia declare beneficial ownership information to the register, and this is also comprehensively disclosed in the 2020-2021 EITI Report.

A package of legal amendments in 2021 has harmonised the definition of beneficial ownership, which is in line with the EITI Standard. This definition includes ownership thresholds and specifies reporting obligations for politically exposed persons. Beneficial ownership information is systematically disclosed for all companies that apply for or hold an interest in the mining sector through the online register and EITI reporting, and efforts have been made to adhere to the Beneficial Ownership Data Standard (BODS) to allow for structured and open data. Armenia is one of few countries to have achieved this globally. This information is also available in the [Open Ownership register](#), where it can be linked to datasets from other countries.

Requested beneficial ownership information includes all categories required and encouraged by the EITI Standard. Legal ownership information of mining companies is also [publicly available](#). The government's policy is clearly set out through its legal portal as well as through EITI reporting. Sanctions have been established for non-compliance. Reporting mechanisms are available in the form to allow for compliance from subsidiaries of publicly listed companies, however, no such entities exist in Armenia at present.

Assessment of effectiveness

Findings from the technical assessment, scoping reports from expert outlets and consultations with stakeholders confirm that Armenia has undertaken sufficient measures to ensure that beneficial owners of all companies in the mining sector are disclosed and that these companies have complied with the disclosure requirement. The threshold for disclosing beneficial owners in the mining sector is appropriate and in line with international best practices.

When identifying inconsistencies in data from the mining sector, the State Registry and the EITI national secretariat refer these to the MTAI. This is currently done manually. Further work is being

¹ <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

started to improve systematic verification mechanisms. Armenia joined the Opening Extractives programme in 2021 and has received technical support to set out options for verification that could improve the reliability of the data. Stakeholders consulted also confirmed upcoming work to support verification and interoperability of the data. In particular, government stakeholders highlighted upcoming refinements on the e-government system with support from the World Bank, which will include a mutual platform between state agencies with a red-flag toolkit that identifies discrepancies in data. Legislative changes are also planned to ensure new features for data use agencies.

Although there has been no documentation of gaps and weaknesses assessed by the MSG, stakeholders have confirmed that the work performed by the BO working group and relevant stakeholders has included several phases of monitoring and evaluating legislation and systems to improve beneficial ownership disclosures between 2020 and 2023. Scoping reports from [2020](#) and [2022](#) performed by Open Ownership and the Opening Extractives programme have commended the achievements attained by Armenia in establishing a framework and system for public beneficial ownership disclosures, and have also highlighted recommendations to tackle identified challenges. Key recommendations relate to improving verification mechanisms to ensure reliable data. At present, verification mechanisms are mainly focused on non-submission or accidental errors in submission.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Beneficial ownership (Requirement #2.5)</p> <p><i>Exceeded</i></p>	<p>The International Secretariat’s assessment is that Requirement 2.5 is exceeded. The objective of this requirement is to enable the public to know who ultimately owns and controls the companies operating in the country’s extractive industries, particularly those identified by the MSG as high-risk, to help deter improper practices in the management of extractive resources. The Secretariat’s assessment is that the objective has been exceeded, given the substantial efforts in effectively implementing public disclosures of beneficial ownership information in the mining sector and in establishing a public register of beneficial owners in line with international standards.</p> <p>There is an enabling legal framework for beneficial ownership disclosure in Armenia. Laws and regulations are systematically disclosed through ARLIS, including the amendment to the RA Law “On State Registration of Legal Entities, Separate Subdivisions of Legal Entities, Institutions and Individual Entrepreneurs” and the RA Law “On Additions and amendments to the Subsoil Code of the Republic of Armenia”. Since 2020, all companies applying for or holding mining rights are required to submit beneficial ownership information to the State Register of Legal Entities under the Ministry of Justice. The definition of beneficial owner has been amended as a result of the new series of laws passed in June 2021 and changes are stated in the 2020-2021 Armenia EITI</p>

	<p>Report. The RA Law "On Combating Money Laundering and Terrorist Financing" was also amended to harmonise the definition. There is now one unified definition to comply with disclosures required by the State Register of Legal Entities. However, government stakeholders confirmed that there are still minor differences in definitions by other competent authorities, such as that of the tax authority, which will be further revised. The definition is in line with the EITI Standard. The 2022 Scoping Report developed by the Opening Extractives programme also states that thresholds were set using a risk-based approach, in line with international best practice, with a lower threshold of 10% for the metal minerals sector and 20% for the rest of the economy. There is no minimum threshold for persons with the duty to submit a declaration of interests (politically exposed persons).</p> <p>Beneficial ownership information is systematically disclosed on the online beneficial ownership register hosted by the State Register of Legal Entities under the Ministry of Justice. The series of amendments passed in 2021 also included the revisions to the beneficial ownership declaration form and procedures for completion and approval, through Order No. 416-N15. Declaration forms can be downloaded from the online register. Links to all beneficial ownership declarations by the 26 metal mining companies are available in the 2020-2021 Armenia EITI Report. Information on the register is now open to anyone, marking a significant improvement in accessibility. Previously, beneficial ownership information was restricted solely to individuals accessing the register from an Armenian IP address. Armenia is one of the few countries globally that implements the Beneficial Ownership Data Standard (BODS), which provides a structured data format to simplify the sharing and use of beneficial ownership information. Since the launch of the software in 2021, only 35 companies had to submit declarations. However, in 2022 the number of declarations increased substantially, with almost 50,000 declarations received as of August 2023, as the disclosures now cover all sectors of the economy. The country has also integrated the BODS data visualiser directly into its register, enabling users to produce ownership graphs from the data easily, and facilitating the understanding and analysis of company structures. A recent analysis from a technical partner highlighted that several pieces of data available on the online register are still not in the BODS data.²</p> <p>All data points listed in Requirement 2.5.d are requested as part of the BO reporting template. Disclosures of political impact and conflict of interest required by the Corruption Prevention Commission (CPC) also request information on ownership. Beneficial ownership declarations also require the provision of links to the stock exchange filings of the parent company of wholly owned subsidiaries of publicly listed companies, however, stakeholder consultations confirmed that none of such entities exist in Armenia. The 2021 Validation of Requirement 2.5 identified an issue related to the legal owners of closed joint-stock companies (CJSCs). The national secretariat confirmed that</p>
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² These include the Armenian Public Service Number ID numbers for companies, registration dates for companies and birth dates for beneficial owners. Adding these data fields to the BODS data will help future work by the state registry to check and analyse submitted data.

	<p>beneficial ownership information is requested from and provided by these companies, and that the 2020-2021 EITI Report reported these disclosures. Stakeholder consultations indicated that the MSG is discussing how to make this information systematically available. Information on legal owners is disclosed through the beneficial ownership declaration. The EITI Armenia website also holds information on legal owners for mining companies. This represents a crucial step towards compliance with this Requirement since the previous Validation.</p> <p>The 2020-2021 EITI Report states that the 2021 RA Law “On Amendments and additions to the Code of Administrative Offenses” includes sanctions for violating the rules of disclosure of information on beneficial owners, which apply to the declaring entity and the individual responsible for submitting the declaration. They include administrative responsibility for not submitting information or for submitting incorrect or incomplete, and failure to conduct due diligence. Additional penalties are provided for within the extractive industries, namely the suspension or termination of permits to operate if BO data is not submitted by 120 days after the deadline. The incipient nature of the verification mechanisms available to the relevant authorities to conduct checks result in non-compliance focused on aspects related to submission, rather than deliberate falsehood of the data. Civil society stakeholders consulted raised concerns with current sanctions, stating that fines are too low. Substantial efforts have been made to increase compliance among smaller companies, where the biggest challenges lie, as there is a lack of awareness of the concept and how to report.</p> <p>There has been no assessment performed by the MSG on comprehensiveness and reliability of beneficial ownership disclosures. However, consultations confirmed that all constituencies have been thoroughly involved in the reforms that have led to disclosures, as well as the improvement of the register in advance and post its launch. Stakeholders stated that the concerted efforts of all constituencies led to several phases of improvement of legislation and systems over the past three years. The State Register holds responsibility for checking the accuracy of filings under Armenian law. Certain automated checks are in place at the point of submission, such as cross-checks with the passport database for Armenian citizens, to ensure that entered data corresponds to expected format and values, and to introduce dropdown fields. These checks are meant to tackle accidental input errors. However, there is scope for improving systematic mechanisms to tackle deliberate false reports. Civil society stakeholders consulted stated that beneficial ownership information has been one of the key datasets that have been used for analyses in the mining sector. There have been clear examples of use of beneficial ownership information, mainly by journalists, some with support of the Opening Extractives programme. For example, a recent article used beneficial ownership data and the BODS visualised to investigate gold exploration in the Lori Marz area, finding Russian and Czech interests in the companies involved. Another investigation was conducted on settlements that were not included in the "affected" list and consequently did not receive royalties from extractive projects. Beneficial ownership data was employed to ascertain whether there</p>
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	<p>were any personal interests among politicians influencing this decision. Stakeholders consulted confirmed that the EITI national secretariat has been instrumental in linking up civil society with government stakeholders in order to improve investigations and retrieve information.</p> <p>Several amendments to relevant legislation were approved in 2021 to expand the scope of reporting from mining to all sectors. Consultations with stakeholders confirmed that this has been an important achievement for the EITI process, as the reform, initiated in the mining sector, subsequently led to a whole of economy reform. There were unified views from consultations across all constituencies with government, corporate, and civil society stakeholders, affirming that this reform stands as a cornerstone achievement of EITI implementation. Government representatives also confirmed that substantial efforts were made in order to support private sector compliance with the disclosures, including a national capacity-building campaign. The company constituency confirmed that the developments surrounding the beneficial ownership reform allowed for more trust in the mining sector. As of August 2023, the Ministry of Justice confirmed that they had received 49,247 declarations, which amounts to approximately 50% of all registered companies in Armenia, including companies that are not operating. The new Anti-Corruption plan for the years 2023-2026 includes further capacity building to strengthen the beneficial ownership register, to harmonise legislation in order to have one single definition of beneficial owner, efforts to promote verification, training for the private sector (SMEs) to comply with the requirements.</p>
New corrective actions and recommendations	
	<ul style="list-style-type: none"> To strengthen implementation of Requirement 2.5, Armenia is encouraged to ensure that the government or the MSG have publicly documented efforts to address gaps and weaknesses in the comprehensiveness and reliability of publicly disclosed beneficial ownership data and to strengthen the reporting and disclosure systems based on this analysis. Armenia is encouraged to also ensure there are mechanisms for verification of the data, and that sanctions are sufficiently robust to deter from providing untrue information.

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

State participation remains not applicable in Armenia’s metal mining sector in the fiscal years under review.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>State participation (Requirement #2.6)</p> <p><i>Not applicable</i></p>	<p>The International Secretariat’s assessment is that Requirement 2.6 is not applicable. The 2020-2021 Armenia EITI Report confirms that there were no metal mining companies with state participation in 2020 and 2021. At the same time, it is noted that 25% of shares of CJSC “Zangezur Copper-Molybdenum Combine” were donated to the Government of Armenia in September 2021 (Government decision). The EITI reporting and stakeholder consultations confirmed that, even after the transfer of shares, CJSC “Zangezur Copper-Molybdenum Combine” was not considered to be a state-owned enterprise (SOE) as it was not majority-owned by the state.</p> <p>At the same time, the EITI reporting and stakeholder consultations indicate that details of the process and transaction of transfer (donation) of 25% of shares CJSC “Zangezur Copper-Molybdenum Combine” to the state are of public interest. The MSG might consider providing more detailed information and consider applicable thresholds in future reporting.</p>
<p>Sale of the state’s in-kind revenues (Requirement #4.2)</p> <p><i>Not applicable</i></p>	<p>The International Secretariat’s assessment is that Requirement 4.2 is not applicable.</p> <p>The 2020-2021 Armenia EITI Report confirms that there were no majority-owned state metal mining companies in 2020 and 2021. Therefore, Requirement 4.2 remains not applicable.</p>
<p>Transactions related to state-owned enterprises (Requirement #4.5)</p> <p><i>Not applicable</i></p>	<p>The International Secretariat’s assessment is that Requirement 4.5 is not applicable.</p> <p>The 2020-2021 Armenia EITI Report confirms that there were no majority-owned state metal mining companies in 2020 and 2021. Therefore, Requirement 4.5 remains not applicable.</p>
<p>Quasi-fiscal expenditures (Requirement #6.2)</p> <p><i>Not applicable</i></p>	<p>The International Secretariat’s assessment is that Requirement 6.2 is not applicable.</p> <p>The 2020-2021 Armenia EITI Report confirms that there were no majority-owned state metal mining companies in 2020 and 2021. Therefore, Requirement 6.2 remains not applicable.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 2.6, Armenia is encouraged to consider, on an annual basis, whether there are any state-owned enterprises (SOEs) engaged in the extractive sector and whether state participation in the extractive sector gives rise to material revenues in 	

the period under review. Where material, relevant disclosures are expected to be addressed in EITI reporting in accordance with Requirement 2.6.

- To strengthen implementation of Requirement 4.2, Armenia is encouraged to consider, on an annual basis, whether the state receives any revenues in kind, either directly or through an SOE, in the period under review. Where material, relevant disclosures are expected to be addressed in EITI reporting in accordance with Requirement 4.2.
- To strengthen implementation of Requirement 4.5, Armenia is encouraged to consider, on an annual basis, whether any of the material SOEs collect payments from extractive companies in the period under review and whether any of the material SOEs make payments to government or receive transfers from government in the period under review. Where material, relevant disclosures are expected to be addressed in EITI reporting in accordance with Requirement 4.5.
- To strengthen implementation of Requirement 6.2, Armenia is encouraged to consider, on an annual basis, whether extractive SOEs undertake quasi-fiscal expenditures. Where material, relevant disclosures are expected to be addressed in EITI reporting in accordance with Requirement 6.2.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

Copper, molybdenum, ferro alloys, zinc and gold remain to be the main commodities produced in and exported from Armenia. The 2020-2021 Armenia EITI Report provides an overview of exploited mines in 2020 and 2021, including detailed disclosure of production and export data, disaggregated by commodity and company. Production and export data appear to be de facto disclosed by project, considering that each metal mining company held only one license in 2020 and 2021.

Additionally, the EITI reporting provides an analysis of recent developments and trends related to production and export of the metal mining commodities, and compares EITI disclosures to data disclosed through government and international databases. However, it appears that information, in particular production data, is collected and disclosed, according to different classification systems and granularity levels which could lead to difficulties in comparing data. Disaggregated information on precious metals remains to be classified as a state secret and, therefore, disaggregated data are available only through company and international database disclosures. There appears to be a scope to clarify applicable data classification and disclosure approaches, with an aim to strengthen systematic disclosure of data.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Production (Requirement #3.2)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 3.2 is fully met, as in the previous Validation. The objective of this requirement is to ensure public understanding of extractive commodity(ies) production levels and the valuation of extractive commodity output, as a basis for addressing production-related issues in the extractive industries. Available documentation and stakeholder consultations suggest that this objective has been fully met, noting opportunities for further clarification of systematisation and classification of available data, and strengthening of systematic disclosures.</p> <p>The 2020-2021 Armenia EITI Report provides a detailed overview of production for the metal mining sector in 2020 and 2021 as reported by companies. The report provides comprehensive information on production volumes and values for copper concentrate, molybdenum and ferromolybdenum concentrate, zinc concentrate and gold, disaggregated by company and region of production. Production information is also available on the Armenia EITI data portal and through the summary data files for 2020 and 2021.</p> <p>Production information appears to be de facto disaggregated by project considering that each mining company held only one license in the period under review and that EITI reporting provided data disclosed by company and commodity. Data remained to be not disaggregated by ores and concentrates due to the applied classification systems. The 2020-2021 Armenia EITI Report highlights that disaggregated information on precious metals is classified as a state secret, but notes that relevant data have been collected and disclosed through company reporting for gold and silver alloy (bullion), and precious metal concentrate containing gold which were the only gold product types produced in Armenia in 2020 and 2021.</p> <p>There appear to be some differences in information disclosed in the 2020-2021 Armenia EITI Report and summary data files for the same fiscal years. Consulted stakeholders noted that the differences were primarily related to use of different units (tonnes, wmt, dmt) as well as different classification approaches. The summary data files appear to aggregate all relevant commodities under one general category. For example, gold and silver alloy (bullion), and precious metal concentrate containing gold are aggregated under the category “gold”. Consulted stakeholders clarified that the Armenia EITI data portal collects more disaggregated information according to the common customs tariffs of the Eurasian Economic Union. Consulted stakeholders did not express any concerns related to production data reliability or comprehensiveness; however, noted opportunities for further strengthening of classification and presentation of information.</p>

	<p>The 2020-2021 Armenia EITI Report provides a comparison of metal production data from EITI reporting and the Statistics Committee, noting the differences and reasons for discrepancies. In addition, the report clarifies the main producers of each commodity as well as provides a brief overview of recent developments and trends related to production volumes and values in the country. The report also clarifies that artisanal and small-scale mining (ASM) activities are not applicable to or taking place in Armenia’s metal mining sector. Available documentation appears to provide limited information on the encouraged aspect of Requirement 3.2 of how production data, in particular production values, have been calculated, and whether estimates conformed with international data standards and methodologies for calculating extractive commodity production data.</p>
<p>Exports (Requirement #3.3)</p> <p><i>Fully met</i></p>	<p>The International Secretariat’s assessment is that Requirement 3.3 is fully met, as in the previous Validation. The objective of this requirement is to ensure public understanding of extractive commodity(ies) export levels and the valuation of extractive commodity exports, as a basis for addressing export-related issues in the extractive industries. Available documentation and stakeholder consultations suggest that this objective has been fully met, noting opportunities for further strengthening of systematic disclosures.</p> <p>According to the EITI reporting, metal mining exports contributed to a significant share of total exports in the country, accounting for almost 27% of GDP in 2021. The 2020-2021 Armenia EITI Report provides a detailed overview of exports for the metal mining sector in 2020 and 2021 as reported by companies, noting that copper concentrate remained to be the major contributor to the exports from the metal mining sector. Export volumes and values are disaggregated by company, region of origin and export destination. Export information is also available on the Armenia EITI data portal and through the summary data files for 2020 and 2021. Export information appears to be de facto disaggregated by project considering that each mining company held only one license in the period under review and that EITI reporting provided data disclosed by company and commodity.</p> <p>The 2020-2021 Armenia EITI Report highlights that disaggregated information on precious metals is classified as a state secret, but notes that relevant data have been collected and disclosed through company reporting for gold and silver alloy (bullion), and precious metal concentrate containing gold which were the only gold product types exported from Armenia in 2020 and 2021.</p> <p>The 2020-2021 Armenia EITI Report provides a comparison of export data disclosed through EITI reporting and the UN Comtrade data portal, including the differences and reasons for discrepancies. The Statistics Committee appear to disclose export data (here), however, the EITI reporting does not seem to compare company and government export data. Consulted stakeholders did not express any concerns related to export data reliability or comprehensiveness.</p> <p>The 2020-2021 Armenia EITI Report includes information on the domestic sales of metal ores and concentrates in 2020 and 2021. The report also clarifies that artisanal and small-scale mining (ASM) activities are not applicable to/taking place in Armenia’s metal mining sector. Available documentation appears to provide limited information on the encouraged aspect of Requirement 3.3 of how</p>

	export data, in particular export values, have been calculated, and whether estimates conformed with international data standards and methodologies for calculating extractive commodity export data.
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 3.2, Armenia is encouraged to provide information on how production data, in particular production values, are calculated, and whether estimates conform with international data standards and methodologies for calculating extractive commodity production data. In addition, the MSG may wish to discuss applicable classification systems for production data, with an aim to strengthen data presentation and comparability across different sources. Lastly, the MSG is encouraged to continue the ongoing efforts aimed at systematic disclosure of production data through government and company portals. • To strengthen implementation of Requirement 3.3, Armenia is encouraged to provide information on how export data, in particular export values, are calculated, and whether estimates conform with international data standards and methodologies for calculating extractive commodity export data. The MSG is encouraged to continue the ongoing efforts aimed at systematic disclosure of export data through government and company portals, including comparison to data collected through EITI reporting. 	

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

Since the previous Validation, there has been a reduction in the number of revenue streams considered material, which the MSG attributes to the improved data reliability of omitted revenue streams and the need for “financial efficiency” in the compilation of EITI Reports. All material government revenue streams in the period under review were levied at the company level and published online as such, which means that none of the material government revenues were required to be published at a project level. While there is no definitive documentation of assessment from the IA on the comprehensiveness and reliability of reconciled financial data, all stakeholder constituencies agreed that company and government data were comprehensive and reliable. In addition to the timeliness of disclosures of company payments and government revenues, it is encouraging that Armenia is taking a proactive approach to improving the systematic disclosure of these data as well as some non-financial data.

Progress by requirement and corrective actions

EITI Requirement / past corrective	Summary of progress in addressing the EITI Requirement
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action and assessment	
<p>Comprehensive disclosure of taxes and revenues (Requirement #4.1)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 4.1 is fully met, as in the previous Validation. The objective of this requirement is to ensure comprehensive disclosures of company payments and government revenues from oil, gas and mining as the basis for a detailed public understanding of the contribution of the extractive industries to government revenues. Available documentation notes that metallic mining is the only material extractive activity in the country and fully lists government revenues and company payments derived from this sector, which fulfils this objective. During consultations, National Secretariat staff considered the objective of Requirement 4.1 to be fulfilled given that all company payments are collected through government revenue systems and published online. Company payments were fully reported for the years under review, even for those companies below the materiality threshold and company payments and government revenues were fully disaggregated, even for those revenue streams not considered material.</p> <p>The same materiality threshold used in previous EITI Reports – AMD 150m (USD 0.3m) – was employed for revenue streams and companies for the period under review, with revenue streams considered material publicly listed and described. All revenue streams listed in provision 4.1.c have been considered, though it was unclear upon the initial review of the 2020-2021 Armenia EITI Report why certain revenue streams (profit tax, state export duties and income tax) were not included in reconciliation considering that reconciliation coverage stands at 47.88%. Consulted government stakeholders explained the lack of inclusion of these revenue streams by citing MSG meeting minutes that agreed to include revenue streams considered riskier (differences in company and government figures greater than 4% but not less than AMD 1m). Given that differences in profit tax, state export duties and income tax reported by companies and government entities were below this threshold, the MSG and IA both agreed that these revenue streams should not be included in the scope of reconciliation. The 2020 EITI Report attributes the lower risk associated with these revenue streams to be due to strengthened reporting capacities within state agencies and companies, which has reduced discrepancies in disclosures of this data by government and companies in recent years.</p> <p>All metallic mining companies, even those not making material payments, were required to report to the EITI and submitted reporting templates disaggregated by revenue stream, which facilitated the MSG's identification of companies making material payments to government. This information is also available through the Armenia EITI e-reporting portal. Other extractive sectors were considered for inclusion in the scope of reporting, such as the non-metallic mining sector (in the 2018 Armenia EITI Scoping Study) and the mineral groundwater extraction and metallic mineral resources processing sectors (in the 2021 Armenia EITI Scoping Study). Concerning the non-metallic mining sector, the 2018 scoping study concluded that, despite a significant number of mining operations (more than 400 permits), most were low-volume quarrying operations that did not merit inclusion in EITI reporting. Mineral groundwater extraction and metallic mineral</p>

	<p>resources processing were not found to contribute significantly to government revenues and the 2021 scoping study noted that contracts and environmental impact assessments were already publicly available in the mineral groundwater extraction sector. The 2021 scoping study also noted that some companies operating in the metallic mineral resources processing sector also held mining permits and that these companies were included in the scope of EITI reporting, which obviated the need to include the whole sector in the scope of reporting. Likewise, government entities receiving material revenues were identified and have fully reported all receipts in accordance with the materiality definition. The government has fully reported all revenues, including any revenues below the materiality threshold, and these revenues are also disaggregated by revenue stream. During consultations, the Independent Administrator confirmed that no company making material payments to government was exempted from disclosure. Given that all mining companies operating in Armenia reported their payments to government, it appears that EITI disclosures are comprehensive, though it is unclear where the IA's statement is to this effect. Consulted staff of the National Secretariat noted that the IA was unable to provide such a statement but they did not deem the lack of such a statement to signify issues in the comprehensiveness of the data.</p> <p>While only an encouraged aspect of Requirement 4.1, three material mining companies (Lichkvaz CJSC, Akhtala Mining and Processing Enterprise CJSC and Meghradzor Gold LLC) did not disclose their audited financial statements (AFS), which prevents Requirement 4.1 from being considered exceeded. When consulted, the MSG company constituency noted that Meghradzor Gold LLC was in the process of submitting audited financial statements. Consulted government stakeholders indicated that there were administrative cases pending concerning the three companies that had not submitted AFS but that there are no legal sanctions for companies that fail to submit these statements, which makes full compliance with this encouraged aspect of Requirement 4.1 challenging.</p>
<p>Infrastructure provisions and barter arrangements (Requirement #4.3)</p> <p><i>Not applicable</i></p>	<p>The International Secretariat's assessment is that Requirement 4.3 is not applicable, which is consistent with findings recorded in MSG meeting minutes from 27 April 2022.</p> <p>The 2020-2021 Armenia EITI Report and the Transparency template confirm that there are no regulations, agreements or sets of agreements involving the provision of goods and services in full or partial exchange for mining exploration or production concessions or physical delivery of such commodities.</p>
<p>Transportation revenues (Requirement #4.4)</p> <p><i>Not applicable</i></p>	<p>The International Secretariat's assessment is that Requirement 4.4 is not applicable, which is consistent with findings recorded in MSG meeting minutes from 27 April 2022.</p> <p>The 2020-2021 Armenia EITI Report and the Transparency template confirm that there are no transportation revenues accruing to the State or SOEs from the transit of minerals. This reflects previous assessments where this requirement was also considered to be not applicable. The Independent Administrator notes in the 2020-2021 Armenia EITI Report that transportation revenues could be</p>

	studied in greater detail to address demands for more of this information by certain stakeholders and to examine the potential limitations to disclosures of transportation revenue data due to commercial confidentiality.
<p>Level of disaggregation (Requirement #4.7)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 4.7 is fully met, as in the previous Validation. The objective of ensuring disaggregation in public disclosures of company payments and government revenues from mining has been fulfilled given that all material revenue streams, other than certain environmental payments, are levied at the company level and the government is able to monitor its revenue receipts as defined by its legal and fiscal framework.</p> <p>All financial data is disaggregated by individual company, government entity and revenue stream. EITI reporting notes that royalty data is calculated based on the turnover of realization of supplied concentrate and not the level of agreement or specific permit, which denotes that royalty data, along with all other material revenue streams other than certain environmental payments, are levied at the company level. Consultations with the Independent Administrator, National Secretariat staff and mining companies confirmed the International Secretariat's understanding that royalty data, along with all other material revenue streams, was reported at the company level. The MSG arrived at this conclusion after considering the definition of project found in Guidance Note 29 which provides the European Union Accounting Directive and Canada Extractive Sector Transparency Measures Act definitions of project.</p>
<p>Data timeliness (Requirement #4.8)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 4.8 is fully met, as in the previous Validation. The objective of this requirement is to ensure that public disclosures of company payments and government revenues from mining are sufficiently timely to be relevant to inform public debate and policy-making. It is the Secretariat's opinion that this objective has been fulfilled given that the 2020-2021 Armenia EITI Report was presented and published within one year of the last complete accounting period.</p> <p>There are further efforts underway to improve the processes of the National Audit Office and to systematically disclose beneficial ownership information on the State Register of Legal Entities, hosted by the Ministry of Justice.</p>
<p>Data quality and assurance (Requirement #4.9)</p> <p><i>Mostly met</i></p>	<p>The International Secretariat's assessment is that Requirement 4.9 is mostly met, which represents a regression from the previous Validation. Analysed documentation suggests that the objective of ensuring the reliability of disclosures of company payments and government revenues from mining has been fulfilled given that data quality and assurance procedures were agreed upon by the MSG and fully carried out. Disclosed payments and revenues are subject to credible, independent audits, applying international auditing standards and the 2020-2021 Armenia EITI Report provides a review of which companies submitted audited financial statements at the time of publication. However, the lack of a clear statement on the comprehensiveness and reliability of the financial data disclosed in the EITI Report is a gap that warrants an assessment of Requirement 4.9 as mostly met.</p>

	<p>National Secretariat staff consulted did not consider that the absence of AFS, which is an encouraged aspect of Requirement 4.9, from three material mining companies affected the reliability or quality of the data submitted for reconciliation.</p> <p>The methodology adopted to ensure reliable data in the 2020-2021 Armenia EITI Report is clear and there is no evidence of deviations from the agreed upon procedures. Procedures were agreed upon in the Terms of Reference and discussed during MSG meetings. Meeting minutes of these MSG discussions are provided on the Armenia EITI website. The 2020-2021 Armenia EITI Report was prepared by Ernst & Young LLC based on the Terms of Reference (ToRs) for the Independent Administrator (IA) approved by the MSG and broadly consistent with the standard ToRs for the IA endorsed by the EITI Board. Available documentation confirms that all companies and government agencies reported the required data. Consulted National Secretariat staff confirmed that all entities complied with data quality and assurance mechanisms, which consisted of signatures from senior officials and chief accountants, in the case of government and company submissions respectively.</p> <p>EITI reporting explains that quality and data assurances emanate from the entities that submitted data but there is no clear statement from the IA on the comprehensiveness and reliability of reconciled financial data. Nevertheless, the report indicates that there was a 1.79% variance and 0.54% variance in 2020 and 2021, respectively, between reconciled data submitted by state agencies and companies.</p> <p>The 2020-2021 Armenia EITI Report includes clear references and non-financial (contextual) information is clearly sourced. Discussions concerning the safeguarding of confidential information were indicated to have occurred during MSG meetings and the Independent Administrator’s work was carried out on the basis of ISRS 4400, which includes adequate provisions to preserve the confidentiality of information prior to reconciliation and publication of the report.</p> <p>The MSG’s comments on the draft Validation report clarify which organisations/entities are subject to mandatory audit and note that all organisations/entities, except for small ones, are required to publish annual financial statements. This information, including applicable fines in case of not following applicable regulations, is defined in the Law “On Accounting” and Code “On Administrative Offenses”. Annual financial statements are published either on the official public notice website or on an official website of a mass media outlet registered in Armenia. The Secretariat welcomes these comments highlighting audit and financial statement rules. While applicable legislation and procedures broadly address considerations on data quality and assurance, the Secretariat considers that Requirement 4.9 remains mostly met due to absence of a clear statement from the IA or the MSG on the comprehensiveness and reliability of the financial data disclosed in EITI Reports.</p>
New corrective actions and recommendations	

- To strengthen implementation of Requirement 4.1, Armenia is encouraged to ensure that all companies making material payments to government have publicly disclosed their audited financial statements, or the main items (i.e., balance sheet, profit/loss statement, cash flows) where financial statements are not available.
- To strengthen implementation of Requirement 4.7, Armenia is encouraged to revisit whether all revenue streams are levied at the company level or whether new material revenue streams are levied at the project level, for both exploration and production licenses.
- To strengthen implementation of Requirement 4.8, Armenia is encouraged to continue with efforts to improve the processes of the National Audit Office and to systematically disclose beneficial ownership information on the State Register of Legal Entities, hosted by the Ministry of Justice.
- In accordance with Requirement 4.9, Armenia is required to provide a statement attesting to the fact that there were no elements discovered during the data collection and reconciliation process that would raise questions about the comprehensiveness and reliability of the reconciled financial data.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

The Ministry of Finance systematically discloses information on budgets and expenditures and this information is also found through Armenia’s online reporting system. The 2020-2021 Armenia EITI Report summarises and supplements information found on government websites and supplementary information includes data on donations to foundations, non-commercial legal entities and individuals. Armenia could use EITI reporting to publicly disclose information on production and commodity price assumptions to shed light on revenue sustainability.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Distribution of extractive industry revenues (Requirement #5.1) <i>Fully met</i>	The International Secretariat's assessment is that Requirement 5.1 is fully met, as in the previous Validation. The objective of this requirement is to ensure the traceability of extractive revenues to the national budget and ensure the same level of transparency and accountability for extractive revenues that are not recorded in the national budget. Public disclosures suggest that the objective has been fulfilled.

	<p>All government extractive revenues, equivalent to 8.7% of total government revenues in 2021, are recorded either in the national or subnational budgets. There is detailed reporting, by company, of donations to foundations, non-commercial legal entities and individuals that are reported in the 2020-2021 Armenia EITI Report. Financial reports for state and municipal budgets can be found linked and displayed on the Armenia EITI's Online Reporting System. The 2020-2021 Armenia EITI Report describes the management of public finances and confirms that Armenia adheres to international revenue classification standards. There could be more links included to national and subnational budgets that are systematically disclosed on government websites rather than relying on EITI reporting and the Armenia EITI website to publish these figures.</p>
<p>Revenue management and expenditures (Requirement #5.3)</p> <p><i>Not assessed</i></p>	<p>The International Secretariat's assessment is that Requirement 5.3 remains not assessed, given missing encouraged aspects of the requirement.</p> <p>The objective of this requirement is to strengthen public oversight of the management of extractive revenues, the use of extractive revenues to fund specific public expenditures and the assumptions underlying the budget process. While much of this information is systematically disclosed, it appears that some encouraged aspects are missing, which makes this objective only partially fulfilled.</p> <p>Concerning expenditure decisions stemming from the national budget, the Ministry of Finance is the responsible government entity and systematically discloses information on the subject. It is clear that all extractive revenue streams are included in the national budget and there are no earmarked revenues from the budget meant for specific programmes and geographic regions, except for environmental taxes. The Armenian Legal Information System (ARLIS) provides the rules and regulations concerning state budgets and their audit and accounting procedures. While audit and accounting procedures are summarized through EITI reporting and can be found systematically described on government websites, it is not clear where information on production and commodity price assumptions can be found that would shed light on revenue sustainability, resource dependence and revenue forecasting. It is also not clear where audit reports of national and community budgets are disclosed on government websites.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 5.1, Armenia is encouraged to continue efforts promoting the systematic disclosure of national and subnational budget data on government websites as opposed to the publication of this data via EITI Reports and through the Armenia EITI website. • To strengthen implementation of Requirement 5.3, Armenia is encouraged to publish information on production and commodity price assumptions to shed light on revenue sustainability. Likewise, Armenia is encouraged to provide links to where audit reports of national and community budgets can be found on government websites. 	

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

Direct subnational payments and transfers both exist in Armenia’s extractive industries and are issues of public interest that have been the subject of recent legal amendments. The aim of these amendments has been to increase the revenues received by communities, streamline the project proposal process by which communities apply for subnational transfers and to increase transparency and the scope of companies making social expenditures. Direct subnational payments do not represent a large proportion of community budgets, but subnational transfers serve an integral role in financing environmental and health programs.

Mandatory social expenditures, additional voluntary social expenditures and environmental payments all exist in Armenia and are of high interest to civil society. Social expenditures are agreed upon between communities and companies and are outlined in companies’ mining permits while environmental payments are defined by law to offset negative environmental effects from company activities. Recent amendments in this field have expanded the scope of companies required to make environmental payments and have also adjusted environmental tax rates. Civil society credits EITI reporting for improving the visibility of social expenditures in particular, and consulted members of this constituency pointed to the need for continued progress in documenting how social expenditures are allocated and carried out at the community level. While further progress surrounding social expenditures and environmental payments is needed, all consulted constituency groups agree that these contributions are integral to supporting communities’ economic development, even after mining companies are no longer active in these spaces.

Progress by requirement and corrective actions

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Subnational payments (Requirement #4.6)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 4.6 is fully met, as in the previous Validation. The objective of this requirement is to enable stakeholders to gain an understanding of benefits that accrue to local governments through transparency in companies' direct payments to subnational entities and to strengthen public oversight of subnational governments' management of their internally-generated extractive revenues. This objective has been fulfilled given the MSG's discussions around which direct subnational payments (rent) are considered material for reporting.</p> <p>During consultations, National Secretariat staff clarified that direct subnational rent payments are established in the contracts signed by communities and extractive companies while land and real estate tax are defined in the tax code. In practice, these payments are assessed in the 2020-2021 Armenia EITI</p>

	<p>Report and the MSG's deliberations on which subnational direct payments are considered material are included in EITI reporting. Rent payments were the only subnational direct payment deemed to be material in this reporting period, given that land and real estate tax fell below the established materiality threshold, and this revenue flow has been fully disclosed and reconciled with appropriate attention to data quality in accordance with Requirement 4.9 as reporting templates were approved by the MSG and company reporting required the signatures of senior management and chief accountants. Material direct subnational payments are disclosed by mining companies and by the Ministry of Territorial Administration and Infrastructure through systematic disclosures, albeit with unclear provisions for ensuring the reliability of systematically disclosed data.</p>
<p>Subnational transfers (Requirement #5.2)</p> <p><i>Fully met</i></p>	<p>The International Secretariat's assessment is that Requirement 5.2 is fully met, as in the previous Validation. The objective of this requirement is to enable stakeholders at the local level to assess whether the transfer and management of subnational transfers of extractive revenues are in line with statutory entitlements and this objective has been fulfilled. Consulted government officials considered the objective of Requirement 5.2 to be fulfilled.</p> <p>Consulted government representatives noted that recent amendments (here and here) to RA Law "On Targeted Use of Environmental Payments Made by Companies" were aimed at increasing the amount of money that communities receive via subnational transfers for environmental and health projects. These stakeholders confirmed that these amendments expanded the number of companies required to make environmental payments into the public budget that are then used to fund community environmental and health projects. Armenia EITI has demonstrated that subnational transfers of extractive revenues exist in the mining sector. Revenues transferred to communities and other subnational entities are disclosed via the State budget, EITI reporting and the Armenia EITI website. EITI reporting and documents on the Armenia EITI website explain the formulas used to calculate subnational transfers tied to funding environmental and healthcare projects at the subnational level and the 2020-2021 Armenia EITI Report reveals discrepancies between what should statutorily be transferred and how much was transferred in practice, disaggregated by beneficiary local government unit. Consulted government stakeholders explained that funds not transferred in a given year remain in the national budget. RA Law "On Targeted Use of Environmental Payments made by Companies" mandates and governs subnational transfers and there were recent amendments to this law that were adopted by the National Assembly on 6 May 2020. Amendments came into effect on 1 January 2021. Chief among these amendments was the expansion in companies required to pay environmental taxes from five mining companies to all companies (not just extractive companies) operating in communities that may incur negative environmental effects. Communities that wish to receive funds must complete project proposals at the beginning of the year and submit them for review in order to receive funds. Consulted government stakeholders noted that recent amendments simplified this application process so communities could apply and receive funds in a faster and more efficient manner. Guidelines defining</p>

	<p>how to submit these project proposals were also updated during the amendment process. It appears that data quality and assurances pertaining to subnational transfers were accounted for in the amendments approved on 6 May 2020. All subnational transfers are documented in the State budget for a given year. The 2020-2021 Armenia EITI Report notes that there were no subnational transfers in 2020 while the amendment process was being carried out. Transfers made in 2021 are documented and compared to notional transfers in the 2020-2021 Armenia EITI Report and in Annex 12 of the State budget. It appears that information on how revenues and projects are to be managed can be found through the project proposal documents that communities must submit to obtain funds. These proposals can be found on the websites of the local government entities that request funds and are also detailed in the 2020-2021 Armenia EITI Report. Given the recently enacted amendments to RA Law "On Targeted Use of Environmental Payments Made by Companies", it appears that Armenia is actively working to improve and expand the subnational transfer system, and these reform efforts are well-documented in the 2020-2021 Armenia EITI Report. Further reforms related to subnational transfers are documented on the Armenia EITI website, which started being enforced from 1 January 2023 and thus not applicable in the period reviewed by the latest Armenia EITI Report. These reforms were implemented through the law "On Making Amendments to the Law on the Budget System of RA" and the law "On Making Amendments to the Law on Local Self-Government", which mandate that 2% of royalties paid to the state budget by each mining company be distributed to community budgets. It does not appear that there was a materiality threshold set for subnational transfers, meaning that all subnational transfers were considered to be material.</p>
<p>Social and environmental expenditures (Requirement #6.1)</p> <p><i>Mostly met</i></p>	<p>The International Secretariat's assessment is that Requirement 6.1 is mostly met which represents a regression from the previous Validation. The objective of this requirement is to enable a public understanding of extractive companies' social and environmental contributions and to assess how well companies comply with their legal and contractual obligations when it comes to social and environmental expenditures. It is the Secretariat's assessment that the objective has been mostly fulfilled, given that disclosure of identities of non-governmental beneficiaries of mandatory social expenditures are not comprehensive.</p> <p>There is no evidence that the MSG has set a specific materiality threshold for selecting material mandatory social and environmental contributions for EITI reporting. However, social expenditures were included in the reconciliation scope.</p> <p>Concerning social expenditures, the 2020-2021 Armenia EITI Report confirms that there are both contractually mandated and voluntary social expenditures applicable in the mining sector. Consulted government stakeholders noted that there were ongoing efforts by the MSG to establish a materiality threshold for mandatory social expenditures. Most mandatory social payments were made in cash and to government beneficiaries in the period under review. Mandatory social expenditures have been disaggregated by company and government beneficiaries for cash payments. The 2020-2021 Armenia EITI Report notes that one mandatory social expenditure was made in-kind and provides a value</p>

	<p>assessment and nature of this expenditure. It appears that some social expenditures were made to non-government beneficiaries. More detailed information on social obligations is available in annexes to mining permits. However, the analysis in the 2020-2021 Armenia EITI Report notes that not all annexes are available.</p> <p>Mandatory social expenditures are reported by government and companies and were included in the scope of reconciliation, which revealed that one mining company did not fulfil its requirements to undertake mandatory social expenditures. Consulted national secretariat staff explained that this company, Vayq Gold, had its contract terminated in 2020, which explained why the company did not make any such payment in 2020.</p> <p>The 2020-2021 Armenia EITI Report also provides information on voluntary social expenditures, which are made in cash and in-kind, including a description of the nature of projects funded or undertaken by mining companies.</p> <p>The MSG comments to the draft Validation report highlight planned legislative amendments related to social expenditures. In particular, relevant legislation is expected to clarify that all holders of mining permits are required to make social payments to community budgets and codify reporting requirements for local administrations. The Secretariat welcomes these comments and planned reforms, but considers that the objective of enabling public understanding of extractive companies' social and environmental contributions remains mostly met for the 2020 and 2021 fiscal years, considering that disclosure of identities of non-governmental beneficiaries of mandatory social expenditures are not comprehensive for the period under review.</p> <p>EITI reporting discloses mandatory environmental payments to government established by law, including environmental taxes (see <i>Requirement 5.2</i>) and nature use payments but indicates that there are no voluntary environmental expenditures. All mandatory environmental payments were made to government, which was confirmed during consultations by the IA. It appears that no environmental payments were included in the reconciliation scope. Environmental payment information is disclosed in aggregate by government, on the Armenia e-reporting portal and is also included in company reporting templates that are organized in Annex 6. Via these two methods of reporting, disaggregation by revenue stream, company and government entity is publicly accessible. There are no voluntary environmental expenditures disclosed.</p>
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New corrective actions and recommendations

- To strengthen implementation of Requirement 4.6, Armenia is encouraged to strengthen provisions to ensuring the reliability of data on direct subnational payments by mining companies in the systematic disclosures of this data by government and mining companies.
- To strengthen implementation of Requirement 5.2, Armenia is encouraged to continue the implementation of recent reforms concerning subnational transfers and provide for the systematic disclosure of this information on government websites.
- In accordance with Requirement 6.1, Armenia is required to specify all non-government beneficiaries of mandatory social expenditures. To strengthen implementation, Armenia is

encouraged to work with relevant government entities and mining companies to strengthen their systematic disclosures of social expenditures and environmental payments to government and expenditures to the benefit of third parties.

Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI webpage for Armenia.

History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI webpage for Armenia.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.³ The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) includes a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team include Mark Burnett and Lisa Sviland, while the Validation team was comprised of Olesia Tolochko, Riley Zecca and Lucia Cirimello. The internal review for quality assurance was conducted by Gay Ordenes, Gilbert Makore, Alex Gordy and Mark Robinson.

Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page [here](#).

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. This draft report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

Timeline of Validation

The Validation of Armenia commenced on 1 July 2023. A public call for stakeholder views was issued on 1 April 2023. Stakeholder consultations were held virtually in August-September 2023. The draft Validation report was finalised on 15 January 2024. Following comments from the MSG expected on 12 February 2024, the Validation report was finalised for consideration by the EITI Board.

³ See <https://eiti.org/validation>

Resources

- Validation data collection file – [Stakeholder engagement](#)
- Validation data collection file – [Transparency](#)
- Validation data collection file – [Outcomes and impact](#)