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Joint First and Second Round Evaluation

Compliance Report on Armenia

Adopted by GRECO
at its 38th Plenary Meeting
(Strasbourg, 9-13 June 2008)

I. INTRODUCTION

1. GRECO adopted the Joint First and Second Round Evaluation Report on Armenia at its 27th Plenary Meeting (6-10 March 2006). This report (Greco Eval I-II Rep (2005) 3E) was made public by GRECO, following authorisation by the authorities of Armenia, on 10 March 2006.
2. In accordance with Rule 30.2 of GRECO's Rules of Procedure, the authorities of Armenia submitted their Situation Report (RS-Report) on the measures taken to implement the recommendations on 27 September 2007. However, the information contained in the Situation Report did not allow the Rapporteurs to reach clear conclusions as regards the progress made by Armenia in implementing the recommendations. Armenia was therefore asked to provide additional information and to respond to a series of questions raised by the Rapporteurs. The additional information was received on 5 May 2008.
3. At its 26th Plenary Meeting (5-9 December 2005), GRECO selected, in accordance with Rule 31.1 of its Rules of Procedure, Bulgaria and Iceland to appoint Rapporteurs for the compliance procedure. The Rapporteurs appointed were Mr Georgi RUPCHEV on behalf of Bulgaria and Mr Bjorn THORVALDSSON on behalf of Iceland. The Rapporteurs were assisted by the GRECO Secretariat in drafting the Compliance Report (RC-Report).
4. The objective of the RC-Report is to assess the measures taken by the authorities of Armenia to comply with the recommendations contained in the Joint First and Second Round Evaluation Report.

II. ANALYSIS

5. It was recalled that GRECO in its Joint Evaluation Report addressed 24 recommendations to Armenia. Compliance with these recommendations is dealt with below.

Recommendation i.

6. *GRECO recommended that the authorities of Armenia carry out the necessary studies in order to gain a clearer insight into the scale of corruption and its various features so that anti-corruption initiatives and plans can be targeted more effectively.*
7. The authorities of Armenia report that the Monitoring Commission, which was set up by the Anti-Corruption Council in July 2004, is tasked with monitoring the implementation of the measures of the 2003-2006 Anti-Corruption Strategy. In the context of this monitoring, the Monitoring Commission has made use of the results of the following studies:
 - the 2006 Corruption Perception Survey, carried out by the Centre for Regional Development / Transparency International Armenia with financial support from the United Nations Development Programme (UNDP) in 2006;
 - a corruption risk assessment of the health care and education sectors in Armenia, conducted by the UNDP in 2007, with the assistance of regional and civil society organisations, in the context of the project "Strengthen the Awareness of and Response to the Exposure to Corruption in Armenia", which resulted in a number of recommendations to improve the situation as regards corruption in these sectors;
 - a study of incidents of corruption in public administration, carried out by the Armenian State Servants Union, within the framework of a project of the OSCE and Eurasia Fund on

“Encouraging Observation Mission of Public Unions in Civil Service System as an Anti-Corruption Measure” in 2007.

8. In addition, in the context of the Mobilisation Action Against Corruption Program (MAAC) of the United States Agency for International Development (USAID) a number of studies on corruption will be carried out, to support the Monitoring Commission in monitoring the implementation of the new (draft) Anti-Corruption Strategy 2008-2012, including annual household surveys from 2008 onwards and surveys among businesses and public officials in 2009 and 2011.
9. Finally, the Armenian authorities report that the assessment of the phenomenon of corruption and its different features in Armenia is to be one of the components of the new (draft) Anti-Corruption Strategy 2008-2012. According to the Terms of Reference of this Strategy the carrying out of studies into the features of corruption in Armenia is to be included in a separate chapter of the strategy.
10. GRECO takes note of the information provided. It welcomes the various studies carried out by non-governmental and international organisations, and in particular the planned assessment of the phenomenon of corruption and its different features which will be conducted in the context of the new Anti-Corruption Strategy. Although much work pertaining to this recommendation will only be carried out in the near future and it would appear that the studies conducted so far owe little to any efforts of the Armenian authorities themselves, GRECO accepts that studies have been carried out and trusts that these studies (and, specifically, the ones to be carried out in the near future) will allow the Armenian authorities to target their anti-corruption policies more precisely to actual problems and are likely to make these policies more effective.
11. GRECO concludes that recommendation i has been dealt with in a satisfactory manner.

Recommendation ii.

12. *GRECO recommended that all Armenian authorities involved in anti-corruption policies/activities inform, on a regular basis, the general public, civil society and the media of the measures taken and the results achieved. It also recommends that the public be informed about the avenues for reporting suspicions of corruption.*
13. The authorities of Armenia indicate that the press and other mass media regularly inform the public about corruption cases and their outcome. Furthermore, in March 2006 the Prosecutor General’s Office launched a web-site which reports on corruption cases. The Tax and Customs authorities and the police also regularly provide information on corruption and corruption-related offences on their web-site and – in the case of the police – through a weekly periodical “02” and the various television programmes on crime which report on corruption cases. Information published on the web-sites of the various law enforcement agencies reportedly also includes information on internal investigations into corrupt conduct.
14. In addition, the government, together with the Prosecutor’s Office, the Police, the Ministry of Justice and the National Statistics Service, has developed a system for compiling statistics related to 59 corruption-related offences contained in the Criminal Code. These statistics are included in the reports published by the National Statistics Service on its website (www.armstat.am).

15. Moreover, in the period 2006-2007, international organisations and foreign embassies in Armenia have organised several activities to raise awareness on corruption. These activities include:
 - the establishment in 2006, by the Yerevan Office of the Organization for Security and Co-operation in Europe (OSCE), of a network of anti-corruption reception centres (where citizens can get legal and practical information on the corruption cases they encounter, as well as advice on their rights) in Yerevan and the regions of Armenia;
 - a 2007¹ UNDP project aimed at strengthening the media's capacity to monitor and report on corruption issues and to raise the public's awareness of corruption, in the context of which grants were awarded to four television companies to develop (in total 69) programmes on corruption issues;
 - the project "Government, Civil Society and Media Participation against Corruption" set up by the Eurasian Partnership Foundation in February 2007, in the context of which training courses are provided for on, *inter alia*, investigative reporting, monitoring of government activities and so-called civic monitoring for journalists and non-governmental organisations, to increase their role in the fight against corruption.
16. Finally, the Armenian authorities report that the police, prosecutor's office, tax service, Ministry of Education and Science, Ministry of Health, Ministry of Labour and Social Security have established special anti-corruption hot-lines, where citizens can report instances of corrupt conduct they have come across.
17. GRECO takes note of the information provided. GRECO welcomes, in particular, the establishment of hotlines as well as the various initiatives undertaken by international organisations to raise awareness on corruption and avenues for reporting suspicions of corruption, and to empower media and non-governmental organisations in the fight against corruption in Armenia. Although it would appear from the information provided that international organisations have taken a more active role in this area than the authorities involved in anti-corruption policies/activities have done, GRECO accepts that the general public, civil society and the media appear to be in a better position than before to obtain information on the measures taken and the results achieved in the fight against corruption and that awareness of the ways of reporting suspicions of corruption appears to have been raised.
18. GRECO concludes that recommendation ii has been dealt with in a satisfactory manner.

Recommendation iii.

19. *GRECO recommended that the rules dealing with the organisation of the judicial system be reviewed in order to secure full independence of the judiciary vis-à-vis the executive power.*
20. The authorities of Armenia refer to the 2005 Constitutional amendments, which provide for more independence of the Judiciary and change the composition and powers of the Council of Justice: the President, the Minister of Justice and the Prosecutor General are no longer members of the Council of Justice.² To implement the constitutional amendments a new Judicial Code entered into force in April 2007, which *inter alia* stipulates that judges are independent and that any

¹ This project will be continued in 2008.

² Pursuant to Article 94.1 of the Constitution, the Judicial Council comprises nine judges elected by secret ballot for a period of five years by the General Assembly of Judges, two legal scholars appointed by the President and two legal scholars appointed by the National Assembly. Its meetings are chaired by the Chairman of the Court of Cassation, who does not have the right to vote in these meetings.

interference with their activities unauthorised by law is prohibited. The Code furthermore provides an exhaustive list of the grounds on which disciplinary sanctions can be taken against judges.

21. As regards prosecutors, a new Law on the Prosecutor's Office entered into force in May 2007. This law provides further details on the procedures to be followed when subjecting prosecutors to disciplinary sanctions, including the right of prosecutors to be heard and to appeal against a decision imposing a disciplinary sanction and the involvement of the Ethics Commission³ in decisions to demote, downgrade or dismiss a prosecutor.
22. GRECO takes note of the information provided. GRECO recalls that the amendments to the Constitution had already entered into force at the time of adoption of the Evaluation Report and that its concerns as regards the organisation of the judicial system focused on the power of members of the executive in the proceedings for selecting, dismissing, career progress and taking disciplinary measures against judges and prosecutors, as well as lifting immunities (see on this latter topic recommendation xi below).
23. As regards judges, GRECO considers that although it is the executive (i.e. the President of the Republic) who takes the final decision on appointing, promoting or removing judges, he can only take such a decision on the basis of a recommendation of the Council of Justice. It would thus seem that the President's discretionary powers in this regard have been restricted to some extent, in that he can only take a decision on the appointment, promotion or removal of a judge if the Council of Justice as first made a recommendation on this. Furthermore, only the Council of Justice can take a decision on taking disciplinary measures. As the President is not a member of the Council of Justice anymore, it would thus appear that he is no longer involved with decisions on disciplinary measures against judges. As regards prosecutors, GRECO takes note of the entry into force of the new Law on the Prosecutor's Office, which appears to have made certain positive changes, at least in respect of the procedures for dismissing or taking disciplinary measures against prosecutors.
24. In the view of GRECO, it is of vital importance to strengthen the independence of the judiciary without creating impunity or compromising the (individual) accountability of judges and prosecutors. Finding the right balance between these two extremes is a delicate task and GRECO recognises that an adequate balance may in its details differ from country to country. In the case of Armenia, GRECO welcomes that the President is no longer a member of the Council of Justice and acknowledges that – although the Constitutional amendments had already entered into force at the time of adoption of the Evaluation Report – positive steps appear to have been taken to moderate the discretionary power of the President in procedures for appointing, removing or promoting judges. In this regard, GRECO notes with satisfaction that the President cannot appoint, remove or promote judges other than on the basis of a recommendation of the Council of Justice and that he – since the entry into force of the Constitutional Amendments – has never deviated from a recommendation of the Council on any of these issues. Although as regards prosecutors, GRECO would have appreciated further information on exactly how the new Law on the Prosecutor's Office has increased the relative independence of prosecutors, GRECO accepts that the organisation of the judicial system has been reviewed and very much hopes that this has strengthened (and will continue to strengthen) the independence of the judiciary vis-à-vis the executive power.

³ The Ethics Commission comprises 7 members, which – pursuant to Article 23 of the Law on the Prosecutor's Office – include the First Deputy of the Prosecutor General, two prosecutors and four lawyers appointed by the President of the Republic of Armenia each with a term of office of three years.

25. GRECO concludes that recommendation iii has been dealt with in a satisfactory manner.

Recommendation iv.

26. *GRECO recommended to establish a model for systematic training of police officers, prosecutors and judges on issues of corruption and money laundering.*
27. The authorities of Armenia report that training on money laundering and corruption, including the use of special investigative techniques in investigations into such offences, has been included in the educational curriculum of the Police Academy and Training Centre, the Judicial School and the Academic Research Centre of the Prosecutor's Office. In addition, the Central Bank has assessed the training needs of the various agencies as regards money laundering and terrorist financing and has drafted a national programme for training in this area, which includes measures to provide training to judges, prosecutors and police officers. Moreover, the United Nations Office on Drugs and Crime (UNODC) has provided technical assistance in the form of a "Train the trainers" programme in the area of money laundering.
28. GRECO takes note of the information provided. It welcomes the steps which have been taken to establish a training programme tailored to the differing needs of the various entities involved in the fight against money laundering. While it would certainly appear that a model for systematic training of police officers, prosecutors and judges as regards money laundering has been established and that at least some training activities have taken place as regards corruption, on the basis of the information provided, GRECO cannot assess whether an actual model for systematic training on corruption is now also in place for all three aforementioned groups of practitioners.
29. GRECO concludes that recommendation iv has been partly implemented.

Recommendation v.

30. *GRECO recommended that the Armenian authorities streamline the work of the anti-corruption investigative bodies by clearly defining their responsibilities, above all to ensure more effective cooperation between the police and the prosecutors during the initial stage of corruption investigations.*
31. The authorities of Armenia report that co-operation between the police and prosecutor's office as regards pre-trial proceedings in corruption investigations is regulated by the Criminal Procedure Code, which *inter alia* foresees in the possibility of establishing joint investigation teams, ensuring more effective co-operation. To provide for a clearer definition of the responsibilities of the police and prosecutors in corruption investigations and to ensure more effective co-operation between them, a law amending the Criminal Procedure Code came into force in December 2007. These amendments to the Criminal Procedure Code provide that the preliminary investigation functions, as outlined in article 189 of the Criminal Procedure Code, are to be performed by investigators of the Special Investigation Service, police, armed forces, national security service and the tax and customs authorities and that the prosecution service oversees the legitimacy of the preliminary investigation and subsequent proceedings.
32. Furthermore, the Armenian authorities report that the amended article 190 of the Criminal Procedure Code now provides that the police is responsible for the preliminary investigation into corruption offences, except for investigations of 'malfeasance in office' offences (including

corruption) committed by persons in a managing position in the legislature, executive or judiciary. Investigations of corruption offences committed by persons in the aforementioned positions are to be carried out by the new Special Investigation Service, which was created following the entry into force of the Law on the Special Investigation Service in December 2007.

33. GRECO takes note of the information provided. It welcomes the amendments to the Criminal Procedure Code, which appear to provide for a clearer delineation of the roles of the police, Special Investigation Service and prosecution service in investigations into corruption. GRECO furthermore trusts that the clarification of the role of the prosecution service in overseeing the preliminary investigation, giving instructions to investigatory bodies and deciding on the setting up of joint investigation teams or the combining of different investigations has also fostered co-operation in the initial stages of corruption investigations.
34. GRECO concludes that recommendation v has been implemented satisfactorily.

Recommendation vi.

35. *GRECO recommended to amend the legislation on banking secrecy to enable the law enforcement authorities to obtain all relevant information on account holders and operations on bank accounts even before formal charges are brought.*
36. The authorities of Armenia report that amendments to the Law on Banking Secrecy entered into force in April 2007. These amendments *inter alia* stipulate that banks are to provide prosecutorial authorities (within two working days of receiving the court decision) with relevant information on persons suspected of a crime (or charged with a crime), on the basis of a court decision (Articles 10 and 11 of the Law on Banking Secrecy).⁴
37. GRECO takes note of the information provided. It welcomes the entry into force of the amendments to the Law on Banking Secrecy, providing for the possibility to obtain relevant banking information on persons suspected of a crime.
38. GRECO concludes that recommendation vi has been implemented satisfactorily.

Recommendation vii.

39. *GRECO recommended that the Law on Banking Secrecy is amended to prevent banks from disclosing judicial requests for information to their customers.*
40. The authorities of Armenia report that, as indicated above, in April 2007, amendments to the Law on Banking Secrecy entered into force. Pursuant to these amendments banks are prohibited from disclosing to their customers any judicial request for information (based on a court decision or judgment, in accordance with the Criminal Procedure Code) or any confidential information, which

⁴ Article 10, paragraph 1, of the Law on Banking Secrecy provides: "Banks shall provide, pursuant to this Law, criminal prosecution authorities with confidential information concerning suspects of a crime or persons charged with a crime only on the basis of a court decision passed in accordance with this Law and the Code of Criminal Procedure of the Republic of Armenia." In addition, article 11, paragraph 1, provides: "Banks shall disclose and provide, pursuant to this law, information containing bank secrecy as regards their customers as a party in civil or criminal proceedings, only on the basis of a court decision passed in accordance with the Code of Civil Procedure or the Code of Criminal Procedure of the Republic of Armenia, or on the basis of a final court judgment to confiscate [the money on] the bank account of the customer in question."

has been provided to law enforcement authorities (Articles 10 and 11 of the Law on Banking Secrecy).⁵

41. GRECO takes note of the information provided. It would appear that banks are now prohibited from disclosing to their customers that law enforcement authorities have requested information on their financial activities.
42. GRECO concludes that recommendation vii has been implemented satisfactorily.

Recommendation viii.

43. *GRECO recommended to adopt legislative and other measures to establish an efficient system of special investigative means and to provide the competent agencies with appropriate means and training in order to make this system work efficiently in practice.*
44. The authorities of Armenia report that the Law on Operations and Intelligence Activities entered into force in December 2007. Article 14 of this law provides for 16 special investigative techniques, including wiretapping and simulation of bribery offences, which can be used in investigations by the police and other authorities (national security service, tax authorities, customs etc.). Furthermore, the Armenian authorities report on various training activities carried out by the Police Training Centre on the use of special investigative techniques, and inclusion of this subject in relevant training courses on the investigation of certain crimes, including corruption and money laundering.
45. GRECO takes note of the information provided. It welcomes the new Law on Operations and Intelligence Activities and the training on the use of special investigative techniques given to the police. Although GRECO would have appreciated further information on this, it expects that the provision of appropriate means to the competent agencies to effectively use the appropriate special investigative techniques in practice has also been addressed in the context of ensuring that the Law on Operations and Intelligence Activities works efficiently in practice.
46. GRECO concludes that recommendation viii has been dealt with in a satisfactory manner.

Recommendation ix.

47. *GRECO recommended to adopt legislative measures to ensure that appropriate witness protection programmes can be introduced in practice.*
48. The authorities of Armenia report that to enable the introduction of a witness protection programme, amendments were made to the Criminal Procedure Code, which entered into force in July 2006. Chapter 12 of the Criminal Procedure Code now lists 12 measures - including changing a person's official identity, relocating him/her and the possibility to question him/her in court without revealing his/her identity – which can be taken to protect a person (or his/her direct or extended family and other relations) who has been able to provide information of significance to solving a crime or identifying a perpetrator and whose life, health, assets, rights or lawful

⁵ To this end, article 10, paragraph 2, of the Law on Banking Secrecy provides: "(...)The bank is prohibited from informing its customers about the fact that the criminal prosecution authorities have been provided with confidential information." In addition, Article 11, paragraph 2, provides: "(...)The bank is prohibited from informing its customers about the bank's obligation to provide confidential information pursuant to a court decision or judgment passed in accordance with the Code of Criminal Procedure of the Republic of Armenia."

interests may be at risk because of his/her participation in criminal proceedings. In addition, the Academic Research Centre of the Prosecutor's Office has provided a training course on the amendment to the Criminal Procedure Code, which included the topic of the protection of witnesses and other persons participating in criminal proceedings, and has published a handbook on "the Protection of the Person's Identity Details as a State Protection Means for Persons Involved in Criminal Proceedings".

49. GRECO takes note of the information provided and welcomes the legislative measures introduced and the training provided on the protection of witnesses.
50. GRECO concludes that recommendation ix has been implemented satisfactorily.

Recommendation x.

51. *GRECO recommended to consider reducing the categories of persons enjoying immunity from prosecution and to abolish, in particular, the immunity provided for parliamentary candidates, members of the central electoral commission, members of regional and local electoral commissions, candidate mayors and local council candidates.*
52. The authorities of Armenia report that in December 2005 amendments to the Constitution entered into force which have limited the scope of immunities of members of the National Assembly. Whereas before members of the National Assembly could not be arrested even when caught in the act of a crime, Article 66 of the Constitution now provides that "Members of Parliament shall not be arrested without the consent of the National Assembly, except for cases when they are caught in the act. In this case, the Chairman of the National Assembly is to be immediately notified."
53. GRECO takes note of the information provided. It notes that the abovementioned constitutional amendments had already entered into force at the time of adoption of the Evaluation Report. In the absence of any further information on this issue, it can therefore not conclude that the immunity provided to parliamentary candidates, members of the central, regional and local election commissions, candidates for mayors and municipal councils has now been abolished, or that a reduction of the categories of persons enjoying immunity has been considered.
54. GRECO concludes that recommendation x has not been implemented.

Recommendation xi.

55. *GRECO recommended to reconsider the procedures for lifting immunities of prosecutors and judges by reducing the involvement of predominant individual decision makers (i.e. the President of the Republic/Prosecutor General).*
56. The authorities of Armenia report that the above-mentioned amendments to the Constitution in 2005 have resulted in a new procedure for lifting the immunities of judges. The President of the Republic, the Minister of Justice, and the Prosecutor General are no longer members of the Council of Justice. Although it is the President who takes the final decision to lift the immunity of a judge, on the basis of a recommendation by the Council of Justice, he has reportedly never deviated from the recommendation of the Council of Justice on this matter. In addition, in April 2007 a new Judicial Code entered into force. Pursuant to article 13 of this Code, a judge can now be arrested (not requiring the consent of the President), when s/he is caught in the act of a crime

(or immediately thereafter); the President and the Chairman of the Court of Cassation shall be immediately notified of the arrest of a judge. Furthermore, pursuant to article 168 of the Judicial Code, the Prosecutor General proposes to the Council of Justice to detain a judge, impose administrative sanctions and/or to commence criminal proceedings against the judge. However, in situations where a case against the respective judge is pending, the proposal to the Judicial Council to detain a judge is filed by the respective court.

57. Furthermore, the procedures for the lifting of immunities for prosecutors have been amended with the entry into force of the new Law on the Prosecutor's Office in May 2007. Whereas under the old law the prosecution of prosecutors and investigators could only be initiated by the Prosecutor-General, under the new Law on the Prosecutor's Office the Prosecutor-General has retained the exclusive right to initiate the prosecution of prosecutors but not of investigators.
58. GRECO takes note of the information provided. As regards judges, it notes that the amendments to the Constitution, which changed the composition of the Council of Justice, were already referred to in the Evaluation Report. GRECO recalls that – in spite of these amendments – it had two particular concerns, namely that the procedure for lifting the immunity was rather complicated, involving different bodies, and that the President of the Republic played a clearly predominant role. While it would seem that the procedure for lifting the immunity of a judge has been somewhat simplified, the information provided does not enable GRECO to sufficiently assess whether the involvement of the predominant decision maker(s) has been reduced or reconsidered. In this regard, it notes that the President of the Republic has retained full discretion to decide on the lifting of immunity of a judge (although he can only use this discretionary power upon a recommendation of the Council of Justice) and can deviate from the recommendation of the Council of Justice without giving any justification for doing so. In addition, although it would now appear that in certain cases it can also be the court which refers to the Council of Justice for a recommendation (to be made by the Council to the President) to lift the immunity of a judge, it is not made clear how a case against a judge could be pending before a court without the immunity of the judge in question having been lifted.
59. As regards prosecutors, GRECO takes note of the new Law on the Prosecutor's Office, but apart from removing the Prosecutor General's authority to initiate criminal proceedings against investigators, nothing in the information provided to GRECO would suggest that the procedures for lifting of immunities of prosecutors have been reconsidered in such a way that these no longer depend on a single decision-maker (i.e. the Prosecutor General).
60. In light of the above, GRECO concludes that recommendation xi has been partly implemented.

Recommendation xii.

61. *GRECO recommended that legal provisions be introduced allowing 1) the confiscation of assets of an equivalent value to the proceeds of corruption offences and 2) the effective confiscation of assets held by third parties.*
62. The authorities of Armenia report that in December 2006, article 55 of the Criminal Code was amended to provide that property can be confiscated, "regardless of whether it is owned or held by the defendant or a third party"⁶. Furthermore, paragraph 4 of the aforementioned article

⁶ Paragraph 6 of Article 55 provides that property held by *bona fide* third parties – i.e. a person "who at the moment of transfer or acquisition of the property did not know or could not know that it will be used or was intended to be used for illicit purposes" – will not be confiscated.

provides for mandatory confiscation of so-called ‘illicit property’⁷ or – if this ‘illicit property’ has not been discovered – other property of an equivalent value to the ‘illicit property’.

63. GRECO takes note of the information provided. It welcomes the amendment to the Criminal Code allowing for the confiscation of assets of an equivalent value to the proceeds of corruption as well as assets held by third parties in bad faith.
64. GRECO concludes that recommendation xii has been implemented satisfactorily.

Recommendation xiii.

65. *GRECO recommended to simplify (and speed up) the system for authorising a search in cases of immediate urgency.*
66. The authorities of Armenia report that in July 2006 amendments to articles 225, 228 and 229 of the Criminal Procedure Code came into force, which provide that if an investigator has sufficient grounds to suspect that instrumentalities or proceeds of crime, suspected persons or victims of crime or objects or documents of relevance to the investigation can be found in certain premises, a specific location or are in the possession of a specific person, s/he may conduct a search of these premises, the location or person. If the search is of a place of residence or pertains to bank or confidential notary information, a court order must be obtained. In order to speed up the procedure for obtaining such a court order, the Council of Court Chairs issued Decree 101 in June 2006, which provides that “the court should immediately ensure effective implementation of operative actions”, which include search orders, and that the courts of first instance should adopt shifts for the work on non-working days, to ensure that a court order for searches can promptly be dealt with.
67. GRECO takes note of the information provided and welcomes the simplification and speeding up the procedure for authorising searches.
68. GRECO concludes that recommendation xiii has been implemented satisfactorily.

Recommendation xiv.

69. *GRECO recommended to ensure that the new anti-money laundering system becomes operational as soon as possible and to rapidly provide the Financial Monitoring Centre’s staff with training on how to implement the new rules and regulations in the most effective manner, including information to the entities having an obligation to report suspicious transactions.*
70. The authorities of Armenia report that the system for combating money laundering in the Republic of Armenia conforms to international standards. The relevant legislation includes Regulation No. 5 on the Turnover of Criminally Generated Funds in Banks and Credit Organisation and Terrorist Funding of December 2002, Article 190 on money laundering which was introduced in the Criminal Code in April 2003 and the Law on Legalisation of Criminally Generated Income and Terrorist Funding of December 2004. In April 2005, the Centre for Financial Observations (the Armenian Financial Intelligence Unit, hereafter: the FIU) was established in the Central Bank and

⁷ Illicit property has been defined as “property derived or obtained, directly or indirectly, from legalisation of illicit proceeds and commission of offences defined by article 190 of this Code [Article 190 CC criminalises money laundering, but also makes explicit reference to the commission of, *inter alia*, corruption offences], including income or other benefits from the use of that property, the instruments used or intended for use in the commission of those offences”.

tasked with the collection and co-ordination of relevant information on money laundering and terrorist financing, as envisaged by law. In June 2007, the FIU became a member of the Egmont Group.

71. Furthermore, the Armenian authorities report on various training courses attended by the staff of the FIU, including – but not limited to – Regional Workshops on Fighting Money Laundering provided by the United States in 2007 and a ‘Train the trainers’ seminar funded by the United Nations Office for Drugs and Crime (UNODC) and the Serious Organised Crime Agency (SOCA) of the United Kingdom at the beginning of 2008.
72. Moreover, the FIU has provided reporting entities with guidelines on the criteria to be applied in the detection of suspicious transactions and procedures to be followed in reporting on these transactions, as well as other requirements related to combating money laundering and terrorism. In the autumn of 2007, the FIU conducted a survey of the banks of the difficulties encountered and uncertainties related to their reporting obligations. On the basis of the outcome of this survey, the FIU has organised a series of meetings for banking institutions, in order to clarify the issues raised. In addition, in March 2008 the FIU has provided reporting entities with money laundering typologies as identified as a result of the analyses carried out by the FIU (for the consideration of the persons responsible for internal oversight and compliance within these reporting entities).
73. Finally, the Armenian authorities report that in January 2006, the Board of the Central Bank approved its decision on the form, procedure and timing for the reports submitted by entities and persons envisaged by law,⁸ and, in March 2006, on the form, procedure, timing for mandatory notification and provision of information on suspicious transactions by other entities and persons submitting reports.⁹ Since the entry into force of these decisions, the Centre for Financial Observations has received approximately 78,000 reports on transactions above the objective threshold set by the Law against Laundering of Illicit Proceeds and Terrorist Financing and 45 suspicious transaction reports based on other (subjective) criteria. Based on the analyses of the Centre for Financial Observations a number of transaction reports have been sent to the prosecutor’s office and to foreign financial intelligence units.
74. GRECO takes note of the information provided. From the information provided it would seem that significant efforts have been made to ensure that the anti-money laundering system is fully operational. In this regard, GRECO welcomes the training provided to the FIU, the adoption of procedures and forms for the reporting of suspicious transaction reports, the guidance given to reporting entities and the admission of the FIU to the Egmont Group. More in particular, GRECO commends the FIU for its pro-active approach in addressing uncertainties on the part of reporting entities – in this case banking institutions – on the obligations placed upon them under anti-money laundering and terrorist finance legislation .
75. GRECO concludes that recommendation xiv has been implemented satisfactorily.

⁸ According to the information provided by the Armenian authorities these include “banks, credit organizations, dealers trading in foreign currency, persons specialized in trading in foreign currency, persons making cash transfers, persons specialized in security market, pawnshops, organizations processing and clearing the payment instruments and payment accounting documentations”.

⁹ According to the information provided by the Armenian authorities these include “insurance companies, notaries, organisers of lotteries, pawnshops, organisers of chance games, persons granting donations/grants”.

Recommendation xv.

76. *GRECO recommended to issue guidelines for use by all categories of public officials when confronted with situations where personal/financial interests or activities may raise issues of conflict or partiality with regard to public officials' duties and responsibilities. It also recommends to consider making wider use of rotation in sectors of public administration particularly exposed to a risk of corruption.*
77. The authorities of Armenia report that the Law on Civil Service already contains a number of prohibitions designed to prevent conflicts of interest. These prohibitions refer, in particular, to other paid work, personal involvement in entrepreneurial activities and acceptance of gifts. In addition to this, the Laws on the Tax Service (article 13), the Customs Service (article 25), the Police (article 39), the Prosecutor's Office (article 43) and the Judicial Code (Chapter 12, Code of Conduct for Judges) provide for a number of conflict of interest provisions, including on other paid work, personal involvement in entrepreneurial activities, acceptance of gifts, receiving honorariums for publications and speeches related to official duties and the use of material, financial and information resources, as well as state assets and official information for personal purposes. Furthermore, a new draft Law on the Public Service has been elaborated, comprising, *inter alia*, a general standard on conflicts of interest (in articles 22, paragraphs 6 and 7, and 24) in addition to a further description of incompatibilities and (prohibited) situations which could give rise to conflicts of interest (article 26).
78. As regards the second part of the recommendation, the Armenian authorities report that the principle of rotation is being used in the tax authorities. Article 14 of the abovementioned draft Law on the Public Service furthermore explicitly recognises the possibility of using rotation in the public service, by providing that this is only "permitted with the agreement of the public servant, with the exception of cases provided by law".
79. GRECO takes note of the information provided. As regards the first part of the recommendation, GRECO wishes to stress that it already referred to the conflict of interest provisions in the Law on Civil Service in the Joint First and Second Round Evaluation Report (paragraphs 97 and 111), as well as rules on ethics for the police (paragraph 105), tax authorities (paragraphs 104), judges (paragraph 35) and prosecutors (paragraph 31). GRECO has no reason to depart from its previous assessment, namely that the Law on Civil Service did not provide for a general conflict of interest standard applicable to official actions of civil servants in relation to their outside interests and activities and that it did not apply to a large number of individuals holding important positions in the state administration; moreover, there was no mechanism to adjust or complement the restrictions provided in the law, if need be, in light of increased risks of corruption as regards certain positions or services. A new code (or codes) of conduct (see also recommendation xviii below) could for example address these matters. In any case, GRECO considers that further guidance to public officials (whether in the form of a code of conduct or in any other way), on what to do when confronted with situations where their personal/financial interests or activities may give rise to (a perception of) conflict or partiality with regard to their official duties, needs to be issued. In this regard, although GRECO welcomes the elaboration of a new Law on Public Service, which appears to be applicable to a wider category of officials than the current Law on Civil Service, it wishes to emphasise that this (draft) law does not annul the need for guidance for all public officials, as required by the recommendation. Therefore, GRECO cannot conclude at this stage that this part of the recommendation has been complied with.

80. As regards the second part of the recommendation, GRECO recalls that in its Joint First and Second Evaluation Round Report (paragraph 100) it already referred to the applicability of the principle of rotation to the tax authorities. Although it would appear that the possibility of wider use of this principle in future has been regarded *in abstracto* in view of the elaboration of the draft Law on Public Service, from nothing in the information provided by the Armenian authorities would it appear that the use of rotation has been considered concretely for specific sectors of public administration particularly exposed to a risk of corruption.
81. In light of the above, GRECO concludes that recommendation xv has not been implemented.

Recommendation xvi.

82. *GRECO recommended to introduce an effective system for verifying declarations of property and income in respect of all public officials whose service duties could be affected by conflicts of interest.*
83. The authorities of Armenia report that with a view to the introduction of an effective system for checking the property and income declarations which civil servants are required to submit, the government adopted its Decision N-275-P on Approving the Procedure for Submitting the Property-Related Information to Tax Authorities in January 2007. Pursuant to this decision, public bodies responsible for recording data on property and rights of natural persons subject to an obligation to declare their property are now required to submit relevant information to the tax authorities, including information on property (by the State Committee on the Real Estate Cadastre), cars (etc) (by the Police), boats (etc.) (by the Ministry of Transport and Communication), agricultural machinery (by Ministry of Agriculture) and security transactions (by the Central Depository). Reportedly, the cross-matching of data received by the tax authorities is an effective way of verifying the accuracy of the declaration data.
84. Furthermore, the authorities of Armenia report that the Law on Property and Income Declarations of Natural Persons is scheduled to enter into force on 1 January 2009. Once this law has entered into force, the Law on Declaration of Property and Income of Senior Officials of Authorities in the Republic of Armenia will be revoked. In order to ensure effective oversight of the new Law on Property and Income Declarations of Natural Persons, a law on Organising and Conducting Oversight of Natural Persons has been drafted and will be submitted to the government in the near future.
85. GRECO takes note of the information provided. GRECO recalls (paragraph 112 of the Evaluation Report) that the accuracy of information provided in the declarations of property and income was to be checked by the tax authorities, but that “the tax authorities were unable to review/check the declarations of property and, in particular, (...) lacked an appropriate methodology for doing so”. While it now appears that the tax authorities are provided with – what is likely to be a wealth of – information on property owned by officials, GRECO continues to have concerns about the ability of the tax authorities to effectively manage and review this information, considering also that at the time of the visit approximately 35% of civil servants were obliged to submit information on their property and income (and there were plans to extend this obligation to all civil servants), and to draw any conclusions as regards possible conflicts of interest (or even possible illegal income) from this information. At this point, GRECO can therefore not conclude that an effective system for verifying declarations of property and income in respect of all public officials whose service duties could be affected by conflicts of interest, as is required by the recommendation, has been introduced.

86. Furthermore, as regards the plans to have the Law on Property and Income Declarations of Natural Persons revoke the Law on the Declaration of Property and Income of Senior Officials of Authorities in the Republic of Armenia, from the information provided it would seem that this first law is a law on income and property tax declarations. Although upon entry into force the Law on Property and Income Declarations of Natural Persons would thus also ensure that public officials are required to declare their property and income, this will be mainly for tax purposes. It is therefore not clear to what extent this law can be regarded as an adequate replacement for a system of property and income declarations of public officials and thus as an anti-corruption tool. Much would depend on the focus of the tax authorities in checking these declarations as regards property and income which may have been corruptly acquired and/or may give rise to a conflict of interest in the decisions of the public official, as well as the exchange of information between the tax authorities and other relevant bodies. Therefore, without further information and in light of the above, GRECO cannot conclude that this recommendation has been fully complied with.

87. GRECO concludes that recommendation xvi has been partly implemented.

Recommendation xvii.

88. *GRECO recommended to lower the value of any gifts that may be accepted by civil servants, employees or other officials to levels that clearly do not raise concerns regarding bribes or other forms of undue advantage and that a reporting obligation in respect of gifts of any value be introduced.*

89. The authorities of Armenia report on Article 95 of the new Judicial Code (which entered into force in April 2007), which provides for a detailed regulation on acceptance of gifts by judges. This article *inter alia* stipulates which types of gifts may be accepted by judges, that gifts which are considered to be acceptable under this article have to be reported to the Ethics Commission under the Council of Court Chairs if they exceed a certain value and that non-acceptable gifts which are impossible to refuse are to be transferred to the state.

90. Furthermore, article 43 of the Prosecutor's Office, article 13 of the Law on the Tax Service, article 25 of the Law on the Customs Service, article 39 of the Law on the Police and article 24 of the Law on Civil Service, all provide that the officials to which those laws apply "do not have the right to accept gifts, money or services for discharging his/her official responsibilities, except for cases foreseen by the legislation of the Republic of Armenia".

91. In addition, pursuant to an amendment adopted on 5 December 2006, paragraph 5 of article 311 of the Criminal Code, which stipulated that the acceptance of gifts by a public official below five minimum monthly salaries would not be considered a crime (if s/he did not commit to provide any service in return for the gift), was deleted.

92. Finally, a new Law on Public Service has been drafted, which – once it enters into force - will regulate limitations on the acceptance of gifts by public officials in more detail. Article 25 of this draft law, *inter alia*, provides that public servants are not to receive gifts, but that despite this prohibition certain gifts may be accepted and that if a public servants receives gifts with a total value of more than one million dram (approximately €2,080) in a year or more than 250,000 dram (approximately €520) if received from one and the same person, s/he has to inform his hierarchical superior. Any gifts received in contravention of this article must be handed over to the state.

93. GRECO takes note of the information provided. It already noted the existence of a prohibition on the acceptance of gifts, as provided for *inter alia* by the Law on Civil Service. GRECO welcomes the more detailed regulation of gifts included in the Judicial Code, the amendment to the Criminal Code and the inclusion of an article on (non-)acceptance of gifts in the draft Law on Public Service. With regard to the latter, GRECO notes that a reporting obligation has only been introduced in respect of gifts above a certain value (and not in respect of gifts of any value, as required by the recommendation), that the threshold above which gifts are to be reported on is relatively high and that it is not clear if this reporting obligation is applicable to all employees/officials in the public administration. However, as the law has at any rate not entered into force yet, GRECO cannot conclude that this recommendation has been fully complied with.
94. GRECO concludes that recommendation xvii has been partly implemented.

Recommendation xviii.

95. *GRECO recommended to give high priority to the planned preparation of a code of ethics for public administration and to ensure that all public officials receive appropriate training and that the code is accessible to the public.*
96. The authorities of Armenia report that a new Law on Public Service has been drafted to meet the requirements of this recommendation. Article 22 of this draft law includes the ethical standards a public servant is obliged to respect, such as the obligation to act in an impartial manner, to avoid actual and potential conflicts of interest and not to use his/her position for personal interests. In addition, Decision # 13-N of the Civil Service Council, as adopted in August 2002 establishes “Rules of Ethics of a Civil Servant”, outlining 17 rules (ranging from respect for state symbols to a prohibition on the misuse of official information) which civil servants are required to follow in carrying out their duties. With the adoption in September 2006 of Decree 14-M of the Minister of Territorial Administration, similar rules now apply to civil servants at municipal level.
97. GRECO takes note of the information provided on the preparation of a new law on the Public Service. GRECO is however of the opinion that one article in this law cannot be a substitute for a code of ethics. Furthermore, GRECO notes that the “Rules of Ethics of a Civil Servant” had already entered into force at the time of the adoption of the Evaluation Report. Although GRECO appreciates that these have subsequently also been made applicable to civil servants at municipal level, it takes the view that these 17 rules outlining the conduct expected of civil servants in rather general terms cannot be regarded as a fully-fledged code of ethics. In the opinion of GRECO, codes of ethics are a useful tool in preventing corruption, as they can *inter alia* be tailored to different categories of public officials, different services in public administration and/or different functions, can usually be more easily adapted and amended than a legal regulation, can give guidance in or examples of situations which are not strictly speaking illegal but may be unethical or otherwise undesirable and can as such specify more concretely than a law and in a more accessible type of language what type of behaviour is expected of public officials. GRECO takes the view, as was also expressed by the Committee of Ministers in Recommendation No. R(2000) 10 on codes of conduct for public officials, that codes of ethics can be highly effective in changing the ethical climate in public administration and have in terms of the fight against corruption a significant preventive and educational role. The Armenian authorities may wish to draw inspiration from the model code of conduct appended to the aforementioned Recommendation No. R(2000) 10 and its explanatory memorandum, as a basis for a more elaborate code(s) of ethics for the different sectors of public administration in Armenia. Although it

would appear that some steps have been taken towards compliance with this recommendation, in the form of the preparation of an article in the draft Law on Public Service and the extended applicability of the “Rules of Ethics of a Civil Servant” to civil servants at municipal level, GRECO does not consider this to be sufficient to enable it to conclude that high priority has been given to the preparation of a code of ethics for public administration or that it has been ensured that public officials receive appropriate training.

98. GRECO concludes that recommendation xviii has been partly implemented.

Recommendation xix.

99. *GRECO recommended to introduce clear rules/guidelines and training for public officials to report instances of corruption, or suspicions thereof, which they come across in their duty and, to establish adequate protection for public officials who report instances of corruption (whistleblowers) in good faith.*
100. The authorities of Armenia report that article 23 of the abovementioned draft Law on the Public Service provides that a public servant is to inform the competent authorities about offences committed by other public servants, as well as any illegal activities, including corruption, s/he has come across in the course of his/her duties. It furthermore provides that the relevant bodies should guarantee the safety of a public servant who has informed the competent authorities in good faith. Specifically for public officials employed by the State Tax Service, anti-corruption training was provided in August 2007 by the USAID-Armenia Tax Upgrading Project, pending the drafting of guidelines.
101. GRECO takes note of the information provided. Although it would appear that some steps have been taken to draft legal provisions on reporting suspicions of corruption and protecting whistleblowers, these legal provisions have not entered into force yet, guidelines and training (for public officials not employed by the Tax Service) have not yet been introduced and an adequate system for the protection of whistleblowers has not been established. In this regard, it should also be emphasised that protection of whistleblowers entails more than just the drawing up of legal provisions and safeguarding their (physical) safety.
102. In light of the above, GRECO concludes that recommendation xix has been partly implemented.

Recommendation xx.

103. *GRECO recommended to systematically collect and evaluate - at central level - information on complaints about breaches of ethical rules within the public administration as well as on the outcome of disciplinary proceedings in order to identify shortcomings in concrete areas of the public administration and, based on this evaluation, to take measures to make the necessary changes for improvement.*
104. The authorities of Armenia report that all public bodies are required to regularly provide the Monitoring Commission – a commission set up by the Anti-Corruption Council – with (aggregated) statistics on infringements of public official's rules of conduct and/or ethical rules. The Monitoring Commission is however not authorised to draw any conclusions from these statistics. In addition, Civil Service Ethics Commissions were established in the form of a one-year pilot programme in the Ministry of Labour and Social Issues, the Ministry of Science and Education and the Ministry of Health Care and tasked with promoting the development of a culture of integrity and an ethical

environment in the relevant entity, as well as the enforcement of such an environment. It was provided that violation of ethical rules by civil servants as well as proposals to improve these ethical rules could be submitted for review to the Civil Service Ethics Commission. The pilot has finished but the Civil Service Council is discussing with the Eurasia Foundation and the Union of Armenian Government Employees possibilities for continuing their operation and ways to make them more effective.

105. GRECO takes note of the information provided. It appears that some steps have been taken to centrally collect data on breaches of ethical rules. However, on the basis of the information provided, GRECO cannot conclude that this data is in any way being evaluated and used in the manner envisaged by the recommendation.
106. GRECO concludes that recommendation xx has been partly implemented.

Recommendation xxi.

107. *GRECO recommended to ensure that both natural and legal persons establishing companies be checked and monitored with respect to possible criminal records or professional disqualifications.*
108. The authorities of Armenia report that international practice in this area has been examined and that on the basis of this examination an amendment to the Law on the State Registration of Legal Persons has been drafted. Pursuant to this amendment, “registration of a legal person shall be denied if the founder(s) of the legal person has been convicted for one of the offences listed in Articles 187-216, 217.1 as well as 308-313 of the Criminal Code” (which includes corruption offences and money laundering).
109. GRECO takes note of the information provided. GRECO welcomes the elaboration of the draft amendment to the Law on the State Registration of Legal Persons, although it would have appreciated further information on how it is going to be ensured that these criminal records (including information on professional disqualifications) can and will be checked by the State Registration Office. However, as this amendment has not yet entered into force, GRECO can only conclude that recommendation xxi has been partly implemented.

Recommendation xxii.

110. *GRECO recommended to establish liability of legal persons for offences of bribery and money laundering and to provide for sanctions that are effective, proportionate and dissuasive, in accordance with the Criminal Law Convention on Corruption.*
111. The authorities of Armenia report that, as above, international good practices as regards liability of and sanctions against legal persons have been studied and that, on the basis of this, a law on liability of legal persons is being drafted.
112. GRECO takes note of the information provided. Although GRECO welcomes that international good practices are being examined and that a law on liability of legal persons is being drafted, it would seem that the preparation of this law is currently at a very early stage. In principle, GRECO can therefore only conclude that recommendation xxii has not been implemented.

Recommendation xxiii.

113. *GRECO recommended to establish guidelines and provide special training for the tax authorities concerning the detection of corruption offences and their reporting to the competent law enforcement agencies.*
114. The authorities of Armenia report that in 2007 two orders have been adopted by the Head of State Tax Service: the “Order on Approving the Procedure for Implementing Measures for Ensuring the Security of the Tax Authorities of the Republic of Armenia, Tax and Civil Servants of the Tax Authorities of the Republic of Armenia, as well as the Procedure of Discovering Corruption Crimes and Responding to Offensive Actions against the State Tax Service” in March 2007 and the “Order on the Provision of Information on the Detected Tax Violations” in May 2007. These orders *inter alia* stipulate that any information on tax violations and corruption offences, which have been identified during tax inspections are to be sent to the Investigative Division of the State Tax Service.
115. Furthermore, an anti-corruption training session has been provided to 105 tax officials in August 2007, within the framework of the USAID Armenia Tax Upgrading Project, which included short modules on recognising corruption and the reporting of corruption. In addition, a relevant guideline on *inter alia* the detection of corruption offences is in the process of being drafted, which will be based on the OECD Bribery Awareness Handbook for Tax Examiners.
116. GRECO takes note of the information provided. It welcomes that tax officials are now required to report any indications of corruption offences they come across during tax inspections to the Investigative Division of the State Tax Service and that an anti-corruption training session has been organised. However, from the information provided on this training session (from which it would appear that only half an hour was devoted to the detection of corruption offences) and in absence of guidelines, GRECO cannot infer that sufficient measures have been taken to facilitate the detection of these offences and to improve co-operation with law enforcement authorities as regards the subsequent investigation of these offences, which it considered to be a particular problem in its Evaluation Report (paragraph 137). GRECO considers the adoption of guidelines and the provision of further training in this area of considerable importance in the absence of a clear prohibition on tax deductibility of facilitation payments, bribes and other expenses related to corruption.
117. GRECO concludes that recommendation xxiii has been partly implemented.

Recommendation xxiv.

118. *GRECO recommended that the Armenian authorities encourage the auditors’ representative bodies to issue directives and organise training on the detection and reporting of corruption.*
119. The authorities of Armenia report that the Ministry of Finance and Economy organised a training seminar together with the USAID Office of Inspector General (OIG) in October 2006, in the course of which the heads and managers of 15 auditing companies were introduced to good international practices in the field of the fight against corruption, money laundering and terrorist funding.
120. Furthermore, the Armenian authorities report that the Rules of Conduct for Auditors were approved by Government Decision 499 and entered into force in May 2005. These Rules of

Conduct are reportedly in line with international standards and provide, *inter alia*, that the auditor shall adhere to the Constitution and the laws of Armenia, ensure that his/her duties are carried out in an accurate, timely and proper manner and avoid accepting gifts. Violation of these Rules can result in withdrawal of the license of an auditor.

121. In addition, auditors are required to abide by Armenian audit standards, as approved by Government Decision N509-N of April 2005, which have been based on the International Audit Standards (2000) of the International Federation of Accountants. Pursuant to Standards 240 and 250 an auditor is to inform the management of the audited entity of any fraudulent activity, error or inconsistency the auditor has come across in his/her audit and is to inform the regulatory and law enforcement agencies if there are any suspicions concerning the involvement of persons responsible for the general management of the audited entity. To further amend these standards would be to derogate from international audit standards, which would be undesirable from the point of view of the Armenian authorities.
122. GRECO takes note of the information provided. It welcomes the training provided to auditors on good practices in the fight against corruption. GRECO recalls that it already noted the existence of the Rules of Conduct for auditors in the Evaluation Report (paragraph 138), but that it was also under the impression that there was no “specific obligation for auditors and accountants to report suspicions of crimes, including corruption, to law enforcement agencies”. It would seem now that such an obligation already existed at the time of adoption of the Evaluation Report, at least concerning the possible involvement of senior management of an audited entity in the detected irregularities. Although on the basis of the information provided it is difficult to ascertain whether in the training provided on the topic of international good practices in the fight against corruption there is sufficient focus the detection and reporting of corruption in practice in Armenia, GRECO accepts that with this training and with the approval by the government of the audit standards the Armenian authorities have encouraged auditors’ representative bodies to take this issue further.
123. GRECO concludes that recommendation xxiv has been dealt with in a satisfactory manner.

III. CONCLUSIONS

124. **In view of the above, GRECO concludes that Armenia has implemented satisfactorily or dealt with in a satisfactory manner half of the recommendations contained in the Joint First and Second Round Evaluation Report.** Recommendations v, vi, vii, ix, xii, xiii and xiv have been implemented satisfactorily and recommendations i, ii, iii, viii and xxiv have been dealt with in a satisfactory manner. Recommendations iv, xi, xvi, xvii, xviii, xix, xx, xxi and xxiii have been partly implemented and recommendations x, xv and xxii have not been implemented.
125. Although GRECO notes that a number of positive steps have been taken to implement the recommendations issued to Armenia, in particular as regards investigation of corruption offences (this concerns specifically progress reported on the recommendations on banking secrecy, use of special investigative techniques, witness protection, search, seizure and confiscation and money laundering), it nevertheless finds that the level of implementation leaves considerable room for improvement. In this context, GRECO is particularly concerned that none of the six recommendations pertaining to public administration (recommendations xv to xx) have been implemented satisfactorily or dealt with in a satisfactory manner. Although GRECO accepts that a number of these recommendations depend on the entry into force of the Law on Public Service, other recommendations – in particular those pertaining to guidance on conflicts of interest, the introduction of a code of ethics, the verification of property and income declarations and the

protection of whistleblowers – clearly require further efforts in order to improve the integrity of the public service, which is vital for securing the public's trust in the government's efforts to tackle corruption. Furthermore, the absence of liability of legal persons for bribery offences, money laundering and trading in influence must be addressed without delay.

126. Moreover, while GRECO appreciates that the gathering of information on the measures taken to implement the 24 recommendations addressed to Armenia required some co-ordination efforts on the part of the authorities, it notes that the Situation Report as originally submitted by the authorities did not allow the Rapporteurs to draw any meaningful conclusions as regards the state of implementation of a number of the recommendations. In this regard, it wishes to stress in particular that the Situation Report did not contain up-to-date information on a number of activities and laws adopted which were clearly relevant to the recommendations under scrutiny¹⁰. This significantly hampered the work of the Rapporteurs.
127. GRECO invites the Head of the Armenian delegation to submit additional information regarding the implementation of recommendations iv, x, xi, xv, xvi, xvii, xviii, xix, xx, xxi, xxii and xxiii by 31 December 2009.
128. Finally, GRECO invites the Armenian authorities to translate the report into the national language and to make this translation public.

¹⁰ For example, the Situation Report did not contain substantive information on the new Law on Banking Secrecy, which was of significance to recommendations vi and vii and which - according to the additional information submitted on 5 May 2008 - had already entered into force at the time of submission of the Situation Report.