



**THE COMMISSION ON ETHICS OF HIGH-RANKING
OFFICIALS**



REPORT

**ON THE ACTIVITIES OF THE COMMISSION ON ETHICS OF HIGH-RANKING
OFFICIALS
2012-2015**

YEREVAN 2016

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INTRODUCTION

Present report summarizes the activities implemented by the Commission on Ethics of High-Ranking Officials (hereinafter: the Commission) in 2012-2015 and the main outcomes of those activities.

The Commission was established on January 9, 2012, in the procedure prescribed by RA Law on Public Service. The five members of the Commission have been appointed by the President of the Republic of Armenia based on proposals of the President of the National Assembly, Prime Minister, the President of the Constitutional Court, President of the Court of Cassation, Prosecutor General for a term of six years. The Commission has elected the Chairperson and Deputy Chairperson of the Commission from among its members.

The Commission has taken steps directed at the development of legislation in the sphere of public ethics and organizational development of the Commission, effective institutionalization of the system of ethics, promotion of the integrity of the high-ranking officials, drafting and adoption of codes of conduct on the basis of principles and rules of ethics, introduction of structures that are practically applicable for the prevention of the conflict of interests, as well as development of the cooperation of the Commission with state bodies and the relations with the public.

One of the most important achievements of the Commission is the launching of electronic declaration system of income and property, which ensures simplification and effectiveness of the process of declaration of assets of high-ranking officials and their related persons, as well as transparency and public access of those declarations by means of their publication on the website of the Commission. The Commission has performed great amount of work directed at development of component of analysis of the declarations on the basis of risk indicators.

The Commission has also carried out a number of initiatives directed at strengthening the cooperation with international organizations and civil society institutions. These initiatives pursued objective of evaluation of gaps of the ethics system, study of international best practice of ethics issues solutions and the localization of that practice.

1. INSTITUTIONAL DEVELOPMENT OF THE COMMISSION

A number of steps were taken to ensure the institutional development of the Commission, as well as to improve the legal structures necessary for the activities of the Commission, in particular:

- the drafts of the Committee's Strategic Plan 2016-2018 as well as Annual Action Plan have been elaborated, which, in accordance with the agreement with the "SIGMA" expert team, were presented for the international expert review;

- a comprehensive study on the international practice with respect to the functions and structural issues of the preventive anti-corruption bodies was carried out, based on which the drafts on the proposed structure of the Committee staff, the description of the functions and activities of the structural units, staff, facilities, furniture and equipment, as well as on the calculation of the demand of the infrastructures ensuring the implementation of the activities were elaborated and submitted to the inter-agency working group (hereinafter: the Interagency Working Group) established by the Prime Minister's decision No. 447-A of May 27, 2015;

- the Committee's communication strategy and its implementation activities were developed;

- memorandums on the format of the provision of data to the Committee, its technical parameters, joint electronic systems with respect to the joint state electronic registers of the acts on civil status and legal entities, state registry of the population and system of vehicle registration of the traffic police as well as the register of the real estate have been signed with the RA Ministry of Justice, the Police and the State Committee of the Real Estate Cadastre adjunct to the RA Government;

- a draft of the RA Law on the Amendment and Supplement of the RA Law on Public Service with respect to the formation of the staff of the Committee was developed and submitted to the Inter-Agency Working Group;

- the work order of the Committee was developed and approved;

- amendments were made in the decision of the RA Government № 1819-N of December 15, 2011 as a result of which the declarations of the property, income of the high-ranking officials and their related persons were redrafted;

- amendments were made in the decision of the RA Government № 1835-N of December 15, 2011 as a result of which the list of data from declarations of high-ranking officials subject to publication was extended;

- the decision № 145-N was adopted on February 19, 2015 as a result of which the electronic declaration system of the Committee was connected to the electronic registers of a number of state governmental bodies;
- the procedure of submitting declarations and of the requirements for the completion of declarations on the property, income and related persons of high-ranking officials as well as the declarations on the property and income of the related persons of high-ranking officials was approved;¹
- the guide² on the electronic completion and submission of declarations on the property, income and related persons of high-ranking officials as well as the declarations on the property and income of the related persons of high-ranking officials was approved, which was also integrated into electronic declaration system;
- the draft of the procedure of the analysis of declarations on the property, income and related persons of high-ranking officials was developed, where the methodology of the analysis of the declarations is described. It includes office, mathematical and detailed analysis of declarations as well as the verification of the credibility of the data.

¹ The decision № 14-A of November 13, 2015 of the Ethics Commission of High-Ranking Public Officials:
<http://www.ethics.am/files/legislation/241.pdf>

² The decision № 15-A of November 13, 2015 of the Ethics Commission of High-Ranking Public Officials:
<http://www.ethics.am/files/legislation/240.pdf>

2. THE SYSTEM OF DECLARATIONS OF THE PROPERTY AND INCOME OF HIGH-RANKING OFFICIALS AND THEIR RELATED PERSONS

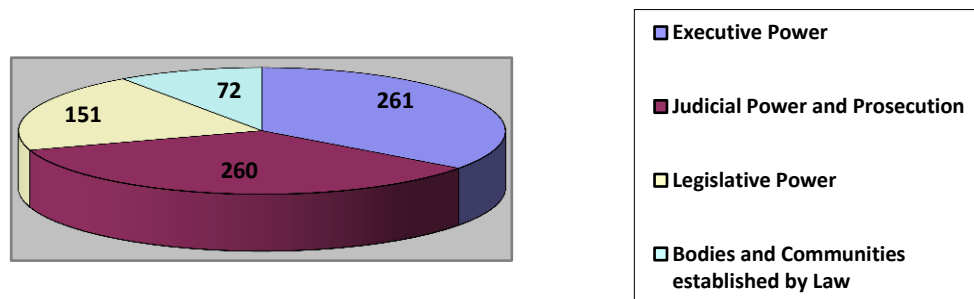
Since 2012 the Commission, exercising the functions of maintaining the registry of declarations, analysis and publication of those declarations vested by law, has undertaken the introduction and development of electronic declaration system.

The newly created electronic system has a registry of high-ranking officials and their related persons, components of completion and submission of declarations, statistic reports as well as analysis of declarations.

➤ The Registry of High-Ranking Officials and Their Related Persons

The electronic registry of high-ranking officials was created, which included 744 public officials and 1001 related persons as of December 31, 2015 (spouse, adult single child living together with him/her, parent living together with him/her). Compared with 2012, the number of high-ranking officials increased by 4.4%. (as a result of the extension of the list of the high-ranking officials by the RA Law on Public Service³), and the number of related persons - by 19%.

The Distribution of the High-Ranking Officials in the Registry According to Categories, 2015



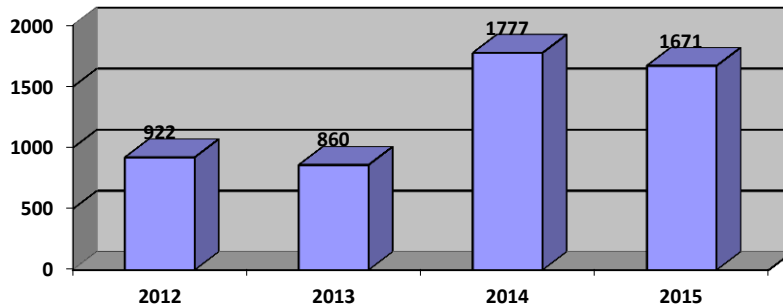
➤ The component of Completion and Submission of Declarations

Since 2014 the online system of the completion and submission of declarations has been applied, which includes a guide, tips, clarifications as well as categories of property and other lists. The Commission has developed and approved the procedure of coding

³ See the following laws: HO-5-N adopted on 05.02.2013; HO-174-N adopted on 12.12.2013; HO-30-N adopted on 19.05.2014; HO-59-N adopted on 11.06.2014.

and maintaining the declarations, as well as the storages of the electronic registration and maintenance declarations (electronic and hard copy). In 2012-2015, 5230 declarations were received and digitized in the electronic system.

The Total Number of Declarations Submitted in 2012-2015



➤ **The Component of Statistic Reports**

The electronic declaration system includes a component for generating statistical reports. Reports are made on the basis of the indicators reflected in the database of the system and by means of processing the data of that database.

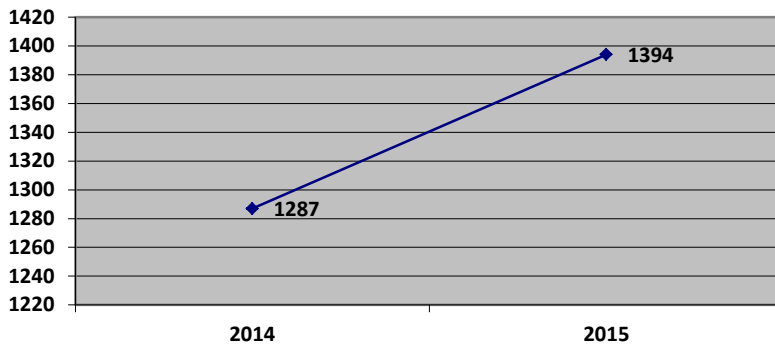
➤ **The Component of the Analysis of Declarations**

The electronic declaration system includes a component of analysis of declarations based on risk indicators. In the first phase of its exploitation it is possible to withdraw from the system typified declarations based on risk criteria. Necessary preconditions have been established for the verification of the credibility of the data in declarations, as well as revelation of some inconsistencies. At the same time, it is important to extend the access to electronic databases maintained by different state governmental bodies of the Republic of Armenia.

5230 declarations of high-ranking officials and their related persons received in 2012-2015 were analyzed in respect to their conformity with the requirements of the guide on the completion of declarations as well as the deadlines of their submission.

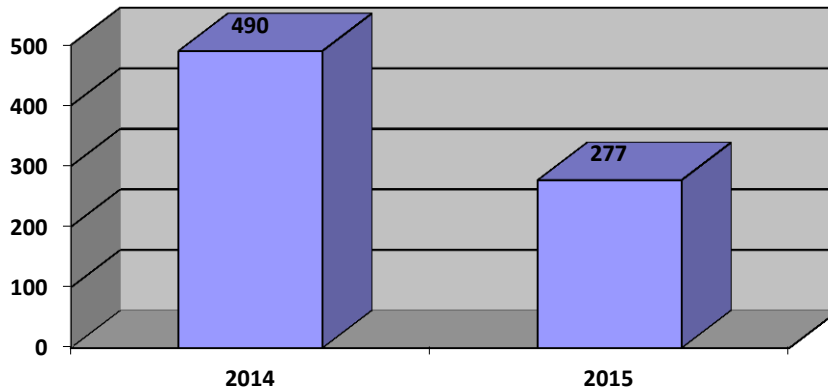
Compared to 2014, the indicator of submission of declarations within the timeframes prescribed by the RA Law on Public Service has improved by 8.3% in 2015.

The Number of Declarations Submitted within the Prescribed Timeframes in 2014-2015



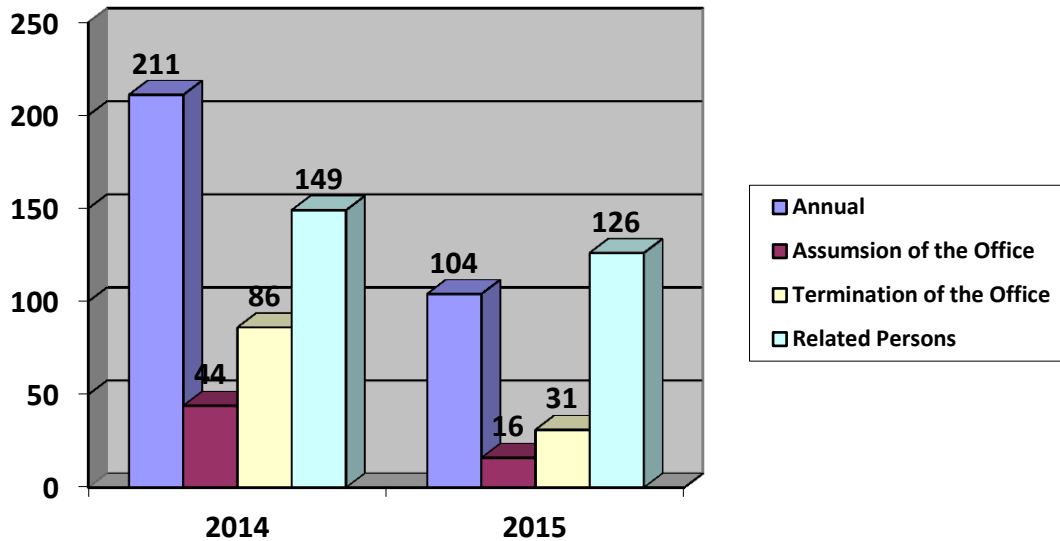
In 2015 the number of declarations that were submitted in violation of the timeframes prescribed by law, has decreased by 43.5%, thus falling from 490 to 277.

The Number of Declarations Submitted Later than the Prescribed Timeframes in 2014-2015



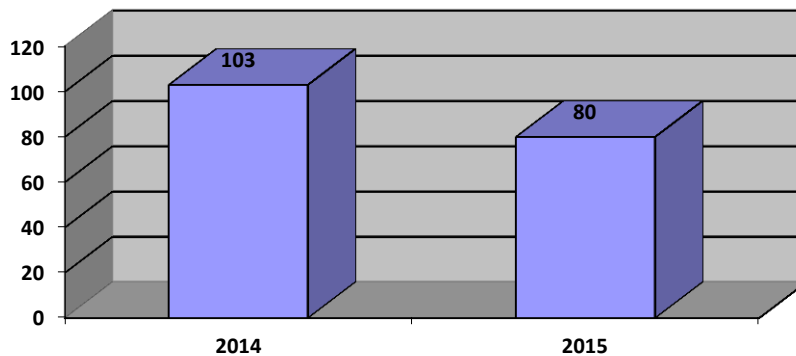
Significant improvement was noticed in the process of submission of annual declarations by high-ranking officials. In particular, the number of declarations of high-ranking officials, submitted later than the prescribed time-limit, has decreased by 51% in 2015 compared to 2014. The number of declarations of related persons to high-ranking officials, submitted later than the prescribed time-limit, has decreased by 51% in 2015 compared to 2014.

The Number of Declarations Submitted Later than the Prescribed Timeframes in 2014-2015 According to Their Types



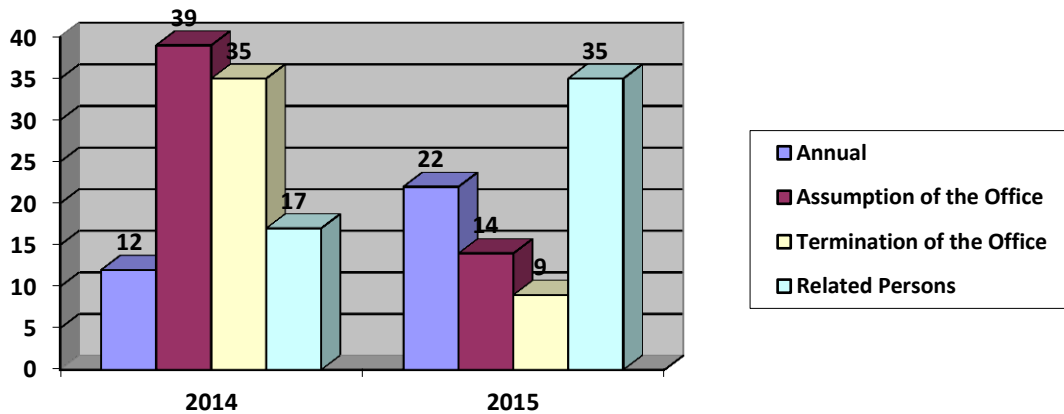
A positive tendency has been noticed also in the procedure of the submission of declarations. The number of declarations, that were not submitted, has decreased by 22% falling from 103 to 80 in 2015 compared to the previous year.

The Number of Declarations that were not Submitted in 2014-2015



Compared to previous year, the number of declarations of the assumption and termination of the office, that were not submitted, has drastically declined for 3 and 4 times respectively. However, the increase of the number of annual declarations of high-ranking officials and their related persons, that were not submitted, is worrisome. Compared to previous year, the number of annual declarations of high-ranking officials and their related persons, that were not submitted, has increased for 2 times.

The Number of Declarations, that were not Submitted in 2014-2015 According to Their Types



In terms of the compliance with the requirements of the guide on completion of declarations, the number of submitted declarations with “corrections” has decreased by 21% in 2015 falling from 424 to 334 compared to 2014.

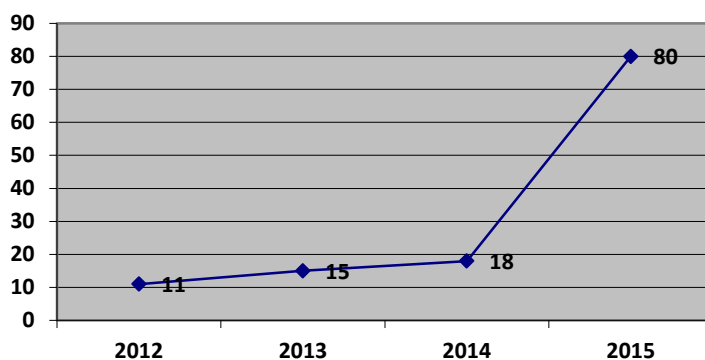
The transparency of declarations is ensured by their publication on the official website of the Commission (www.ethics.am).

The list of data of declarations, subject to publication (providing), was extended by the decision № 15-N of February 19, 2015. In particular, the predefined thresholds of prices for the transactions connected with different types of property of high-ranking officials and their related persons were eliminated, in particular - with respect to the price of movable and immovable property, the price (value) of shares, the amount of the given and returned loan, which were included in the aforementioned list.

All the declarations submitted during 2014 fiscal year and after March 10, 2015 were published in accordance with the requirements of the aforementioned decision of the RA Government. The declarations received in hard copies before the introduction of the electronic system were also digitized and published.

The Commission’s observations show that the number of press releases with respect to the activities of the Commission increased significantly from 11 in 2012 to 80 in 2015. Clarifications and information were provided with respect to certain press releases.

The Number of Press Releases in 2012-2015



With the purpose of improving the system of declarations of the property and income of high-ranking officials and their related persons, legislative problems and gaps were raised and recommendations for their solution were drafted and submitted to the Inter-Agency Working Group.

With respect to the issue of the introduction of a system subjecting the high-ranking officials and their related persons to liability for the violations related to the system of declarations, the Commission has been actively cooperating with the RA Ministry of Justice with respect to the drafting of law bills on the aforementioned subject-matter. With this respect, the Commission, based on the results of the study of the international practice, has presented recommendations and a conclusion on the drafts of the Law on Amending the RA Code on Administrative Infringements and the Law on Amending the Law on Public Service, which prescribe administrative liability in relation to high-ranking officials and their related persons who have the obligation to submit declarations.

At the same time, the Commission presented its recommendations and conclusion with respect to the draft of the new RA Criminal Code where it proposed to discuss the possibility of stipulating in the new RA Criminal Code a corpus delicti with respect to intentional avoidance from the submission of a declaration or presenting false information in the declaration or concealing a datum subject to declaration by high-ranking officials and their related persons (who have an obligation to submit a declaration stipulated by law).

3. ETHICS AND CONFLICT OF INTERESTS

With the purpose of developing the system of public ethics, with the involvement of the international experts of the «SIGMA» program of the Organization for Economic Cooperation and Development the drafts of the Code of Conduct of High-Ranking Officials and its Action Plan have been developed. With the purpose of ensuring the further implementation of the Code of Conduct of High-Ranking Officials, with the support of the German International Cooperation (GIZ), preoperational work is being done for the organization of discussions on the draft Code of Conduct, on the presentation of the international best practice on the system of public ethics, on boosting the activities of structural units carrying out the control (oversight) with respect to ethical issues within the state executive bodies.

The Commission has analyzed the provisions of the RA Law on Public Service within the context of international criteria raising the current gaps and shortcomings of the law. They were combined with the provisions of the relevant sectorial legislation, as a result of which it was reported that in practice collisions may arise in light of current legislative regulations. With this respect, recommendations on the improvement of the system of public ethics and conflict of interests have been prepared and submitted to the Inter-Agency Working Group.

The Commission has conducted a survey on the topic of “Restrictions of Other Activities of High-Ranking Officials”, the necessity of which was conditioned by the fact of getting income by the high-ranking officials with respect to the exercise of official duties in the management bodies of the board of state joint-stock companies or joint-stock companies with state involvement, which was reflected in the annual declarations of the property and income of high-ranking officials and their related persons.

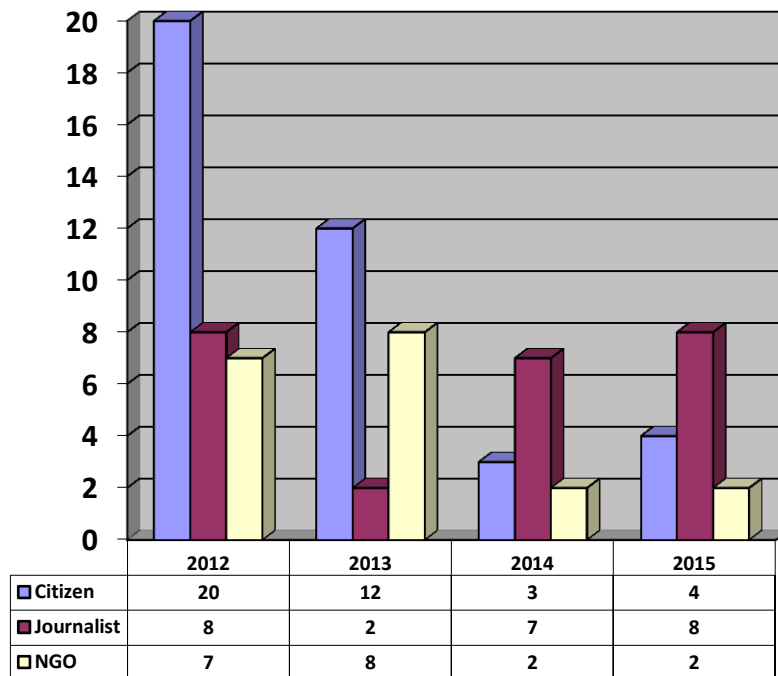
As a result, the Law on Amending the Law on Public Service regulates the involvement of high-ranking officials in the management boards of commercial organizations with 75% and more involvement of the Republic of Armenia, if it is directly related to the exercise of the policy of the sphere of office of the high-ranking official without receiving any payment or other type of compensation or the right to benefit from social guaranties, services or privileges. At the same time, recommendations have been prepared with respect to the review of provisions included in the decisions of the RA Government in relation to the subject-matter.

With the purpose of raising public awareness about the Commission, facilitating the public perception on the rules of ethics of high-ranking officials and on the cases of conflicts of interests, the logo of the Commission was created, advertising and

informative posters were prepared, as well as four commercials on raising public awareness. The video on the electronic declaration system is available in the official website of the Commission, and the others will be posted soon. They will also be shown on the broadcast media.

83 applications were submitted by natural persons and legal entities to the Commission within January, 2012- December 31, 2015, which were given full and comprehensive responses. Moreover, 57 applications were submitted in 2012-2013, and 26 applications - in 2014-2015.

The Number of Applications Submitted to the Commission in 2012-2015 according to the Applicants



Compared to 2012-2013, in 2014-2015 the decrease of the applications submitted to the Commission is due to the introduction of the electronic declaration system, the extension of the data subject to publication as well as the introduction of the user-friendly search system in the new electronic website of the published declarations, which in fact eliminated the objective need of written requests on the copies of declarations.

A lot of the applications submitted in 2012-2013 related to the review of the judicial acts or the violation of the rules of ethics on the ground of the alleged judicial error. Taking into consideration the fact that the issues raised in the aforementioned applications are beyond the competence of the Commission, no proceedings have been

initiated based on those applications. About 10 applications related to the cases of the violation of the rules of ethics or conflicts of interests. As a result of their review four proceedings have been initiated, the decisions with respect to those cases have been published on the website of the Commission.

One application was readdressed to the Police adjunct to the RA Government, which resulted in subjecting two police officers to liability.

The issues raised in three applications among four applications that were addressed to the Commission in 2014 were beyond the competence of the Commission, and no proceedings have been initiated based on those applications. As a result of the review of one application a proceeding was initiated and a violation of the rules of ethics was reported.

In 2015 five applications were submitted, based on one of them a proceeding was initiated. The subjective grounds of the two applications were beyond the competence of the Commission, as the actions and behavior of a person other than a high-ranking official was the subject-matter of the issue raised in the application. Another application was beyond the competence of the Commission based on a chronological ground, as it related to the behavior of the high-ranking official prior to the entry into force of the RA Law on Public Service. In one of the applications the issue of taking a decision in case of conflict of interests was raised. With this respect, the data and documents received from the state bodies did not confirm the facts raised in the application.

4. COOPERATION AND CAPACITY BUILDING

The Commission has developed the cooperation with international organizations and institutions, as well as with civil society organizations and educational institutions implementing programs aimed at building capacity of public sector. The cooperation is aimed at evaluation of the needs of the system of ethics, implementing joint development projects, improving the legal domain and the capacity building with respect to ethical issues.

The cooperation **with international organizations and institutions** has been carried out in a number of ways.

Cooperation with the **World Bank** aimed at developing a system of declaration of assets in Armenia and enhancing the transparency and accessibility of the Commission's activities. Within the framework of the "Public Sector Modernization Program" of the World Bank the electronic system of the declarations of the property, income of the high-ranking officials and related their persons was introduced. During the third phase of the same program, in 2016-2018 it is planned to develop in the introduced electronic system the electronic analysis of the declarations based on the risk indicators, to expand the access to individual databases maintained by separate government bodies, modernize the electronic declaration system as a result of legislative amendments made in the public service system.

Cooperation with the **European Union** was built around the exchange of the European practice on defining the standards of ethics and conduct and declaring assets and interests of high-ranking officials; within the framework of which the OECD «SIGMA» program provided expert and methodological support with respect to the development of the Code of Conduct of High-Ranking Officials. Within the framework of **TAIEX Program (Unit facilities development tool of the Directorate General for Enlargement of the European Commission)**, the members of the Commission had study visits in Romania and Slovenia with the purpose of studying their experience with respect to the system of declarations.

The Commission cooperates with the **Anti-Corruption Network for Eastern Europe and Central Asia of the Organization for Economic Cooperation and Development (OECD) and GRECO** within the framework of the implementation of the program of anti-corruption strategic actions of the Republic of Armenia, consistently realizing the commitments vested to the Commission, regularly participating in the monitoring of the program and discussions.

The cooperation with **the Council of Europe** was built with respect to the reforms of the judicial-legal system expanding participation opportunities for members of the Commission of the High-Ranking Officials in the projects implemented by the Council of Europe as well as providing expert assistance in the development of methodologies for the implementation of the analysis of the declarations. The Justice Academy has introduced training courses on the system of declarations and prevention of corruption, and due to the expert assistance, the Commission has drafted a guide for the analysis of the declarations of the property, income of high-ranking officials and their related persons.

The cooperation with the **OSCE Office in Yerevan** was aimed at developing the communication capacities of the Commission with respect to the communication with the public. As a result, the Commission's strategy for the development of relations with the public was developed, and the members of the Commission completed a training on the capacity building with respect to public relations. The official website of the Commission was created, which ensured the publication of the declarations of the high-ranking officials and the publicity of the Commission's work.

Cooperation with the **German International Cooperation (GIZ)** was built around the development of the educational component of ethics and provision of expert assistance for the capacity building of the Commission. As a result, a course book on the teaching of ethics of public servants was developed, as well as around 16 representatives from state bodies and RA State Academy of Public Administration and the Justice Academy participated in a short-term training program on ethics of high-ranking officials. Within the framework of the «Integrated Expert» program, since 2015 the international expert Christoph Harsdorf has provided the Commission with technical and expert assistance with respect to the developing the Code of Ethics of High-Ranking Officials and other documents aimed at developing the system of ethics.

The Commission has taken steps to develop the capacities of other bodies, including the elaboration of a training course for the trainers of ethics in cooperation with **the German DBB Academy**, as well as development of a manual, which brought forward typical situations and cases of ethics violations, which will be presented for the organization of the public servants' training on ethics. The successful implementation of the program provided the representatives of the National Assembly, Civil Service Council, the Commission on Ethics and Disciplinary Matters of the General Meeting of Judges, the State Academy of Public Administration and Justice Academy and other bodies and organizations with skills of conducting a training on ethics. Trainings on ethics have been organized by specialists, who have already been trained, with the participation of public servants and judges, as well as the judge and prosecutor candidates.

The Commission has been included in the working group aimed at coordinating the Panel on Public Administration Reform of the Platform on Democracy, Good Governance and Stability of the **Council of Europe Eastern Partnership**. The members of the Commission are regularly invited to capacity building events: trainings on the analysis of asset declarations, legislative instruments of conflict of interests and other topics.

The Commission is also included in the working group coordinating the work stemming from the action plan of Armenia in the "**Open Government Partnership initiative**". The Commission fulfilled all its obligations foreseen by the Open Government Partnership programs in 2012-2015.

Within the framework of cooperation with academic institutions and civil society organizations, the members of the Commission have actively participated in the trainings on anti-corruption education, civil society involvement, knowledge transfer and other topics; in conferences and meetings, assisted in the analysis of the legislation regulating the conflict of interests in public service by providing professional advice.

The Commission, within the cooperation with **the Justice Academy**, proposed to introduce anti-corruption course for the candidates of judges and prosecutors, which was successfully held in 2014-2015. Currently, a training course is being elaborated for the judges and prosecutors on public ethics. The Commission also cooperates with **the State Academy of Public Administration in Armenia**, implementing training on education of ethics within the framework of trainings for public servants.

With the support of the experts of the **EU Eastern Partnership and the Council of Europe project on Good Governance and Fight against Corruption**, in 2014 the Commission initiated a course on the study and exchange of best practice on the analysis and verification of asset declarations in Yerevan, which was attended by civil society organizations specialized in the fight against corruption and media representatives.

The Commission, in its turn, has built its capacities and actively participated in the international and local seminars, conferences, has participated in study trips aimed at exchange of experience, as well as attended training.