



## PRESS RELEASE

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Yerevan

### *of the “Corruption Risks in the Field of Public Procurement and State Property Privatisation” Anti-Corruption Event*

On 14 July, 2016, the Armenian Lawyers’ Association, in cooperation with the CSO Anti-Corruption Coalition of Armenia, organised an anti-corruption event entitled **“Corruption Risks in the Field of Public Procurement and State Property Privatisation”**. The event was held in Darist Hotel, Kapan and was organised in the scope of the “Multi-Faceted Anti-Corruption Promotion” project funded by the EU and co-funded by the OSCE Office in Yerevan. In particular, the event was aimed at revealing the corruption risks in the field and outlining respective solutions.

Mr. Karen Zadoyan, the President of the Armenian Lawyers’ Association and the Coordinator of the Secretariat of the CSO Anti-Corruption Coalition, highlighted in his welcoming speech that after the April war it has become a necessity for the state and the civil society to unite. He also spoke of the tangible results of the ongoing cooperation between the CSO Anti-Corruption Coalition of Armenia and the Government.

Ms. Naira Gyulnazaryan, the Coordinator of Anti-Corruption Programmes at the OSCE Office in Yerevan, said, “I am sure that the business community will bring important capacity to the fight against corruption. This is the sector with the biggest potential.”

Mayor of Kapan Mr. Ashot Hayrapetyan emphasised that the recently updated toolset enables them to carry out public procurement processes more transparently in their community.

Mr. Vahe Mahtesyan, the Head of the Procurement Process Regulation and Coordination Division of the Internal Public Financial Oversight and Public Procurement Methodology Department of the RA Ministry of Finance Staff, presented the corruption risks and reforms implemented in the sector. He noted that nowadays single source procurement is made on competitive principles, as opposed to the unknown mechanism used previously. He added that in 2015-2016 the urgent single source procurement rates had significantly dropped from 18.5% to 8.5% and that the idea of double competition held once in every 6 months had been introduced.

Local Expert of the “Multi-Faceted Anti-Corruption Promotion” project, attorney Ms. Mariam Zadoyan, when speaking about the dangers in the processes of state property privatisation and making the property a prevailing interest, proposed that flexible mechanisms be developed in order not to cause damage to the budget during the application of methods. She also recommended making changes in the definition of “prevailing interest” by including in it the names of the institutions and spheres where the improvement of activities would really reflect the prevailing interests of the public.

Lawyer/Specialist of Reforms Issues of the Project Ms. Syuzanna Soghomonyan made a presentation on the importance of introducing the institute of beneficial ownership in the field of public procurement and the dangers coming from offshore zones. She indicated that many companies whose owners are not known get registered in offshore zones and thus win in public procurement tenders in Armenia and that many high-ranking officials do not declare their offshore bank accounts. To solve these problems, the expert recommended assigning to the beneficial ownership register such legislative leverage as possession of banking and tax secrecy. That would enable the register to check the veracity of the information provided. The expert also proposed grounds for contract termination.

The presentations were followed by a productive discussion and a group work session.

The problems and recommendations discussed during the event will be collected and presented at the upcoming sessions of the RA Anti-Corruption Council, in addition to being sent for consideration to the relevant bodies.

The project aims to increase the role of the Civil Society Organisations (CSOs) in promoting anti-corruption reforms and their implementation. In the framework of the project the capacity of CSOs and the media to engage in monitoring and watchdog activities will be built. Anti-corruption training workshops will be organised throughout Armenia with the purpose of enabling CSOs and media organisations to better comprehend the issues related to anti-corruption and freedom of information. These activities aim at deepening the existing opportunities for carrying out anti-corruption activities. Small grants will be given for raising the effectiveness of public monitoring and implementation of appropriate monitoring, watchdog and investigative activities. A sustainable dialogue between CSOs and the Government will be developed with the participation of CSOs, to strengthen the anti-corruption institutional mechanisms.

The project is funded by the European Union and co-funded by the OSCE Office in Yerevan. It is implemented by the “Armenian Lawyers’ Association” NGO – Applicant and “Freedom of Information Center” NGO – Partner. The project duration is 3 years (January 2014 – December 2016) and the budget is 650,000 EUR, of which 585,000 EUR was contributed by the EU and 31,117 EUR was contributed by the OSCE Office in Yerevan.

**Armenian Lawyers’ Association** (ALA) was established in 1995 with a Mission to promote to the establishment of the rule of law, democracy and formation of the civil society in Armenia, where the people are aware of their rights and where their rights are protected. Before February 2016, ALA was called Armenian Young Lawyers Association.

**Freedom of Information Center** (FOI) operates over 10 years. The Mission of FOI is to promote application of the RA Freedom of Information Law, contribute to the transparency and openness of the Armenian government system and to stimulate civic society’s involvement in the governance system.

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The European Commission is the EU’s executive body.

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The Project is co-funded by the OSCE Office in Yerevan.  
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The OSCE Office in Yerevan has been operating since 1999, and its mission is to support Armenia in developing its democratic institutions and strengthening civil society, acting in the areas of legislative reform; combating corruption and trafficking; environmental activities; raising awareness for human rights; media freedom; gender equality, etc.



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