

Public administration in Armenia 2025

Assessment against the Principles of Public Administration



SIGMA Monitoring Reports

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This report provides analysis on how Armenia performs based on the standards set by the Principles. It covers the six thematic areas of the Principles (strategy, policy development and co-ordination, public service and human resource management, organisation, accountability and oversight, service delivery and digitalisation, and public financial management) and provides indicator values and comparison of overall trends across the public administration.



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Abbreviations and acronyms

AC	Administrative Court
AMD	Armenian dram
CEPA	Comprehensive and Enhanced Partnership Agreement
CEPEJ	European Commission for the Efficiency of Justice
CHU	Central Harmonisation Unit
CJSC	closed joint stock company
CoG	Centre of Government
CoM	Council of Ministers
CPC	Commission for Prevention of Corruption
CSL	Civil Service Law
CSO	Civil Service Office
DPM	Deputy Prime Minister
EI	European integration
eID	electronic identification
EU	European Union
FLBO	first-level budget organisation
GAP	Government Activities Plan
GDP	gross domestic product
HR	human resources
HRM	human resource management
HRMIS	Human Resource Management Information System
IaaS	Infrastructure as a Service
ISAA	Information Systems Agency of Armenia
ISMC	Information Systems Management Council
ISSAIs	International Standards of Supreme Audit Institutions
LAI	Local Autonomy Index
LAU	local administrative units
LFI	Law on Freedom of Information
LLSG	Law on Local Self-Government
LPS	Law on Public Service
LRSOPS	Law on the Remuneration of State Officials and Public Servants

MoF	Ministry of Finance
MoJ	Ministry of Justice
MP	member of parliament
MTAI	Ministry of Territorial Administration and Infrastructure
MTBF	Medium-term Budgetary Framework
MTEF	Medium-Term Expenditure Framework
MTEP	Medium-Term Expenditure Plan
NALAS	Network of Associations of Local Authorities of South-East Europe
NPE	non-procurement expenditure
OPM	Office of the Prime Minister
PaaS	Platform as a Service
PAR	public administration reform
PED	Programme Expertise Department
PFM	public financial management
PPL	Public Procurement Law
PPP	public-private partnership
RIA	regulatory impact assessment
RoP	rules of procedure
SaaS	Software as a Service
SAI	Supreme Audit Institution
SNCO	state non-commercial organisation
SNGWOFI	World Observatory on Subnational Government Finance and Investment
SOE	state-owned enterprise
TOC	table of concordance
TPM	top public management
TQM	Total Quality Management
TSA	Treasury Single Account
USS	Unified Social Services
WCAG	Web Content Accessibility Guidelines

The International Organization for Standardization (ISO) defines three letter codes for the names of countries, dependent territories and special areas of geographical interest. The table below presents the codes used for the geographical display of some figures in this publication in line with the ISO codes and, where there is not an official ISO code, the OECD practice:

Albania	ALB
Armenia	ARM
Bosnia and Herzegovina	BIH
Kosovo	XKV
Montenegro	MNE
Republic of North Macedonia	MKD
Serbia	SRB

Introduction

The Principles of Public Administration and the European integration path: Measuring the fundamentals

*The Principles of Public Administration*¹ sets out standards of good performance of public administration and outlines the main requirements to be followed by countries during the European Union (EU) integration process. Good public administration is key for achieving economic growth, competitiveness and better quality of life. Democratic governance and the rule of law require capable, accountable and effective public administration.

Overall approach: Focus on implementation and results, analysing a variety of primary data sources against precise criteria and benchmarks for an objective and balanced assessment

The updated 2023 edition of *The Principles of Public Administration* reflects the most recent international standards, applicable EU *acquis* and citizen expectations for modern public administration in Europe. Endorsed by the OECD and the European Commission, it covers the same broad scope and thematic areas as the previous edition.

The *Assessment Methodology of the Principles of Public Administration*² contains a set of standard indicators that SIGMA applies consistently to measure the state of play against the Principles, including the preconditions and enablers for successful reforms (appropriate laws, policies, procedures, institutional structures and human resources); the public administration's actual implementation practices; and subsequent results (how the administration performs in practice). In the new *Assessment Methodology*, more than half of all criteria focus on implementation practices and results.

While the overall approach recognises that no single measurement method can fully cover the complex issues related to all organisational and behavioural aspects of public administration, SIGMA relies on information from a comprehensive range of sources: administrative data from public registries; national statistics; legislation reviews and government reports; surveys of citizens, businesses, public servants and contracting authorities; case reviews of sample government documentation; and over 100 interviews with public servants, civil society, business associations and other relevant stakeholders. This information is cross-checked and triangulated to arrive at a balanced assessment.

The assessment applies the established methodology commonly used for evaluating countries in the process of EU accession. However, with regard to the Republic of Armenia, the analysis and recommendations are adapted to account for the political undertakings and binding legal commitments deriving from the Comprehensive and Enhanced Partnership Agreement (CEPA) concluded between Armenia and the EU.

¹ OECD (2023), *The Principles of Public Administration*, OECD, Paris, <https://www.sigmaweb.org/publications/Principles-of-Public-Administration-2023.pdf>.

² OECD (2024), *Assessment Methodology of the Principles of Public Administration*, OECD, Paris, <https://www.sigmaweb.org/publications/Assessment-Methodology-Principles-Public-Administration.pdf>.

A regional series with long-term perspective

This monitoring report assesses the state of play in public administration and progress in improving its quality. As was the case with SIGMA's assessment in 2019, this 2025 report also addresses all Principles and provides a comprehensive and detailed picture of the state of public administration in the country.

This report is based on the *Assessment Methodology* developed to accompany the updated Principles of Public Administration (2023). While the narrative sections clearly describe developments since the last assessment and enable comparisons with previous reports, the significant methodological differences between this report and previous ones make comparisons of indicator values inapplicable.

Key insights and recommendations for decision makers, and detailed performance data for practitioners

Thirty-two Principles make up the framework for the six thematic areas, and each Principle has one or two indicators. There are 36 indicators in total, with 289 sub-indicators and 1 732 individual criteria. Indicator values for each Principle are presented at the top of every overview table, ranked on a scale of 0 (lowest) to 100 (highest) and based on the total number of points received for the sub-indicators.³ The indicator values provide a comparative picture of the state of play as of 30 June 2025.

The structure of the report mirrors that of the Principles. Each Principle contains a dedicated overview of associated indicator(s) and a summary analysis of the main strengths and weaknesses. Analytical findings and the most relevant recommendations are provided to guide reform efforts and inform the policy dialogue and discussions within the government administration and between the European Commission and the Government.

SIGMA provides an executive brief and summaries for each of the six thematic areas to facilitate understanding at different levels of detail and insight. While the monitoring report shows overall indicator values only, the SIGMA data portal⁴ offers a detailed criteria-level analysis.

SIGMA wishes to thank the Government for its collaboration in providing the necessary administrative data and documentation, as well as for its active engagement during the validation process to ensure the factual accuracy of all information used. We also thank the experts who contributed to this report. Finally, the European Commission partnership and support has enabled SIGMA to prepare this comprehensive long-term focus on public administration reform.

³ Point conversion tables can be found in the *Assessment Methodology*.

⁴ Available at: <https://par-portal.sigmaweb.org/>.

Executive brief

The Comprehensive and Enhanced Partnership Agreement (CEPA) between the European Union (EU) and the Republic of Armenia,⁵ signed in November 2017 and fully in force since March 2021, identifies public administration reform and the development of a professional, accountable and transparent civil service as priority areas. Armenia adopted a CEPA implementation roadmap in 2019,⁶ which was revised in 2021.⁷ The government's five-year programme, approved in August 2021,⁸ references the CEPA as a strategic framework guiding reforms in democratic governance, anti-corruption, justice and the rule of law. After the European Council called for enhanced co-operation in October 2023, the fifth EU-Armenia Partnership Council, in February 2024, reviewed CEPA implementation and agreed to launch a new, more ambitious Partnership Agenda. These developments were further underscored by the National Assembly's adoption of a bill in February 2025 calling for the launch of Armenia's EU accession process.⁹

This report assesses the state of Armenia's public administration system against the Principles of Public Administration with the aim of guiding reform efforts in this fundamental area of the enlargement process and identifying key challenges to be addressed.

Overall, Armenia has made progress in improving the functioning of its public administration, although aspects requiring significant further development remain across all areas of public administration reform (PAR). In 2022, the Government adopted its first PAR Strategy, marking a step toward a more structured reform agenda. Critical areas such as public financial management (PFM) are covered neither by the PAR Strategy nor by a separate strategy, although the revised Rules of Procedure (RoP) of the Government adopted in September 2025 introduce measures to address this gap. Implementation of the PAR Strategy is hindered by ad hoc political steering and unclear co-ordination responsibilities. A revised regulatory framework for strategic planning, also adopted in September 2025, tackles these issues but has yet to be applied. There have been substantial advancements in PFM, despite the absence of an updated strategic framework, particularly in budget management, maintaining fiscal discipline and strengthening the independence of the Audit Chamber. Armenia has also made notable progress in the digitalisation of public services, although certain limitations remain, such as insufficient alignment with key EU standards on electronic identification and interoperability and the absence of proactive features such as automatic renewals and notifications. The adoption of the fifth Anti-Corruption Strategy in 2023 demonstrates continued commitment to fostering public integrity.

⁵ Available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:22018A0126\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:22018A0126(01)).

⁶ Roadmap for the Implementation of the Comprehensive and Enhanced Partnership Agreement between the Republic of Armenia and the European Union and the European Atomic Energy Community and their Member States, adopted with the Decision of the Prime Minister No. 666-L of 1 June 2019.

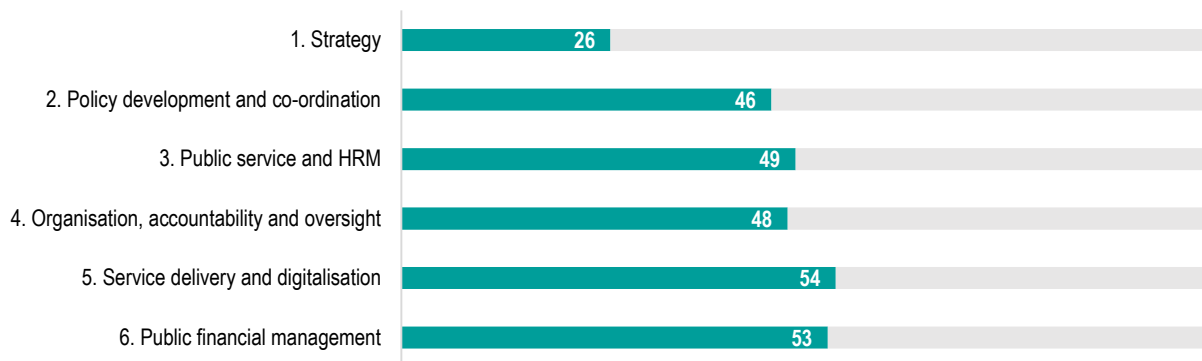
⁷ Decision of the Prime Minister No. 587-L of 31 May 2021 on Amendments and Supplementations to Decision of the Prime Minister No. 666-L of 1 June 2019.

⁸ Programme of the Government of the Republic of Armenia 2021-2026, adopted by the Decision of the Government No. 1363-N of 18 August 2021.

⁹ Law No. LA-70-N, of 26 March 2025, on the launch of the process of accession of the Republic of Armenia to the European Union.

Advancements are scarce in other core PAR areas. Despite assigned institutional responsibilities for key centre-of-government (CoG) functions and availability of regulatory and methodological frameworks, Armenia has seen little progress in improving policy development and co-ordination. Some core elements for a well-functioning public service and human resource management (HRM) system are in place, but further development is constrained by a fragmented legal framework, weak meritocratic standards, low attractiveness of civil service jobs and a top public management function (TPM) that is too narrowly defined. This negatively affects professional capacities across all public administration bodies. The widespread delegation of administrative functions to legal entities of private law severely undermines the cohesion of public administration and the efforts to enhance professionalism, integrity and accountability. Transparency and access to information are hindered owing to shortcomings in the legislative and institutional framework, and the effectiveness of independent institutions in scrutinising public administration, despite broad legal mandates, is limited in practice. The quality and accessibility of in-person administrative services deserves thorough analysis and improvement. Public procurement legislation generally reflects EU public procurement principles and is moderately aligned with EU Directives, but there are still several gaps. A comprehensive and updated policy framework to guide further reform in this area and support implementation is not yet in place. A new public procurement review system was established in 2022 with the introduction of court jurisdiction over complaints. However, the inclusion of economic operators on the list of ineligible bidders, which is not aligned with EU law requirements, is generating significant burdens for the review system. The legal basis for multi-level governance is relatively strong and largely in line with EU standards, and the fiscal equalisation system adopted in 2023 has had a tangible impact on mitigating inequalities. Nevertheless, progress in strengthening the competences, capacities and resources of local governments after the 2015 territorial reform is still modest. Consultation between central and local governments is not institutionalised, and audit and oversight mechanisms are insufficiently developed.

Figure 1. Overall state of play in the functioning of public administration



The **legal framework** for a well-functioning public administration is largely established across all areas. However, several critical limitations remain in adopting and aligning legal frameworks with EU standards and ensuring their comprehensiveness in key PAR areas such as public internal financial control, public procurement, access to public information, some elements of corruption prevention and digital government. Legislation on the public service and the organisation of public administration allows for numerous exceptions from general rules on recruitment, salaries and integrity.

Strategies to guide reforms exist for policy development, digital governance and digital service delivery, institutional modernisation, public service and countering corruption. Critical PAR areas such as PFM (including public procurement), transparency of public administration, in-person service delivery and local government development are not yet covered by any updated strategies.

The **institutional set-up**, including political responsibilities and co-ordination, is mostly in place for policy development, digital services and digital governance, PFM and countering corruption. However, there are no functioning mechanisms for overall co-ordination of PAR at either the political or administrative level. Institutional responsibilities have an insufficient scope in public service and human resource management, and they are critically lacking in other core PAR areas such as the organisation of public administration, in-person service delivery and access to public information. Independent oversight by the Ombudsperson and the Audit Chamber is in place, although they have insufficient monitoring capacities.

Human and technological capital to support reforms need further development. There is no structured approach to attract, develop and retain talent in critical sectors. Robust information systems exist in some horizontal areas, such as PFM, public procurement, and PSHRM. But they call for substantial refinement to support full digitalisation allowing for efficient management, systematic monitoring and public accountability.

The gap between legislation and strategies, on the one hand, and **actual practices** and **outcomes**, on the other, can at least partly be attributed to the fact that formal rules are easier to modify than to embed in organisational culture and match with the necessary capacities to ensure implementation and tangible results. Overall, there is progress in financial management practices, as well as promising advancements in digitalisation of public services, but many challenges still remain for effective implementation of evidence-based policy development, meritocratic public service, organisation, transparency and accountability of public administration, public procurement and multi-level governance. Addressing these gaps also requires the development of effective co-ordination among ministries and government bodies and across different levels of government to ensure coherence and drive reform forward. Equally important is strengthening the engagement of civil society and other non-state stakeholders, which remains weak in many reform areas, to boost transparency and accountability.

Figure 2. State of play in public administration by type of criterion



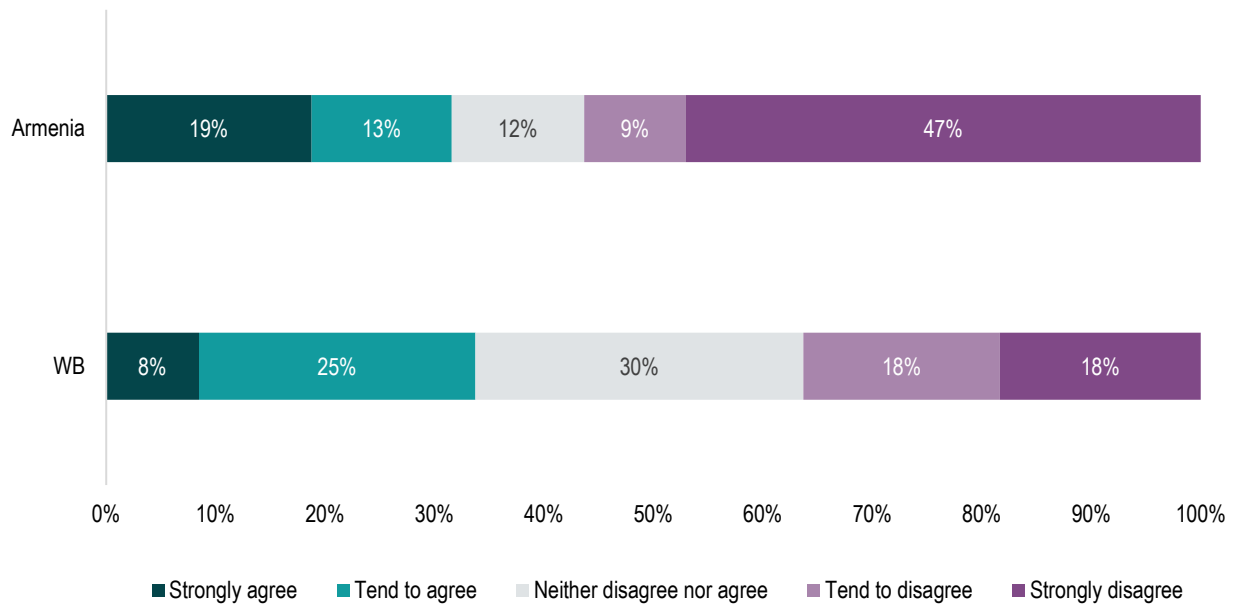
Notes: This figure groups the results of the assessment under two criteria: strategy and institutions, which combines points from legislation, strategy and guidance, and institutional set-up; and implementation and results, which aggregates points from implementation practice and results. The percentages represent the ratio of actual points awarded to the maximum points possible for each of the two criteria, calculated across all principles within the area.

PAR features as a priority in political and national documents, but its framework will expire in 2025. Systematic political steering, co-ordination and monitoring are needed to enhance implementation.

The PAR Strategy and its Roadmap for 2023-2025, adopted in 2022, guide reforms in strategic planning and policy development, institutional modernisation, public service and human resource management, and service delivery. However, the framework lacks coverage of some key areas, such as public financial management, which is excluded due to the expiration of the PFM Strategy in 2023. Recent regulatory

changes foresee the development of a comprehensive seven-year PAR strategy, covering all core reform areas, but the process has not yet begun, raising concerns about continuity. The PAR Strategy is aligned with major national strategies, including the Government Programme 2021-2026 and the Armenia Transformation Strategy 2050. Despite this, 88% of its funding relies on external donors, calling into question its sustainability and ownership. The PAR Strategy document itself has limitations, including a weak situational analysis, incomplete cost estimates and missing outcome-level indicators. Monitoring, reporting and evaluation mechanisms are largely absent. No progress reports were produced in 2022 or 2023, and the delayed 2024 report is mostly administrative in nature. Political-level co-ordination of PAR is only sporadic. The revised strategic planning system envisages a working group chaired by the Deputy Prime Minister, but this mechanism is yet to be established. Political responsibility is fragmented, with unclear accountability. Civil society engagement is limited to ad hoc meetings, and there is no systematic public communication of results. This leads to low citizens’ awareness of PAR initiatives, below levels in Western Balkan administrations. These gaps hinder transparency, evidence-informed decision making and reform momentum.

Figure 3. Citizens’ awareness of PAR initiatives



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statements?” “During the last six months, you have seen government information related to improvement of work of public administration.” Armenia, n=771; WB, n=7 770. Sources: SIGMA Survey of Citizens on public administration in Armenia 2025, conducted in March-April 2025; SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024.

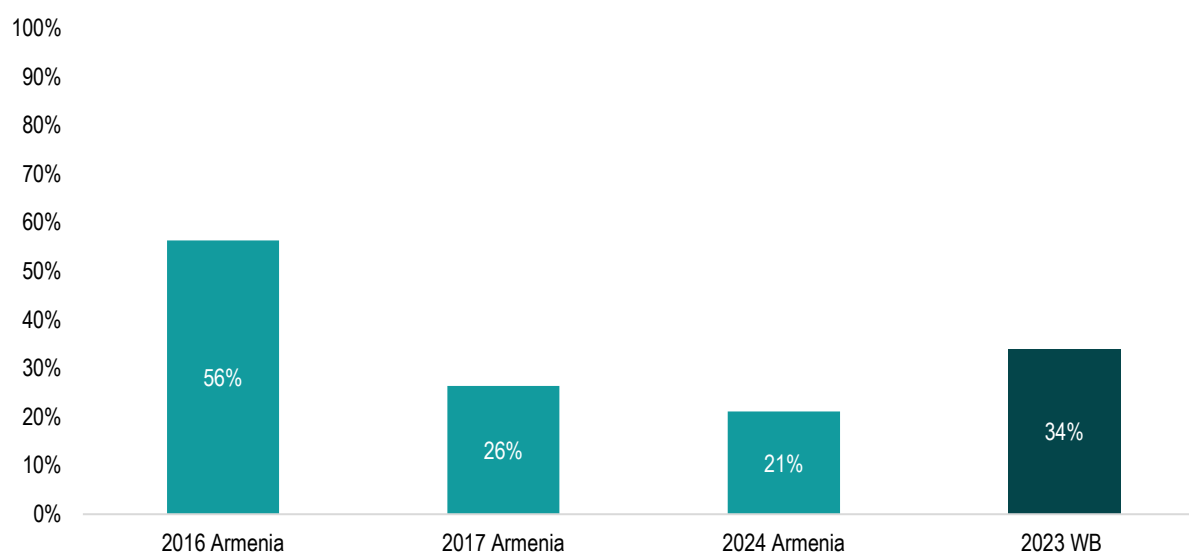
The work of the Government and the Parliament is transparent. Policy development is constrained by limited use of evidence-based tools, insufficient quality assurance and stakeholder engagement.

Government decision-making is commendably transparent. The Office of the Prime Minister, the Ministry of Finance and the Ministry of Justice perform most of the CoG functions, but co-ordination among them for better policy outcomes remains insufficient. The quality control of draft submissions to the Government is established but inconsistently applied. Armenia has improved co-ordination of European integration efforts through the Inter-Agency Commission chaired by the Deputy Prime Minister, which oversees CEPA implementation and related EU programmes. A European Integration Department was recently established in the Ministry of Foreign Affairs, although its mandate and division of responsibilities vis-à-vis the Office

of the Deputy Prime Minister are unclear. Work is ongoing to develop an updated CEPA roadmap and the first implementation report. Although guidelines exist, the transposition of EU law is insufficiently regulated and organised. Key tools and procedures for effective approximation of legislation with EU laws are not institutionalised and implemented.

Regulatory reforms in September 2025 sought to align sectoral, political, and financial planning, but the supporting guidelines are still under preparation. Government policy planning lacks focus on policy outcomes and robust costing. Monitoring and reporting are output-oriented and fail to explain progress toward objectives or outcomes. RIA is formally required, but rarely applied, and when it is used, the quality is low, limiting its usage and influence on the Government's decision-making. Most of the draft laws are initiated and approved by the Government outside formal government plans. Public and interministerial consultations are well regulated and effectively implemented, but early stakeholder engagement and consultation tools are rarely used. Transparency and access to legislation are exemplary. Policy implementation and ex post evaluation are underdeveloped, with weak follow-up on sector strategies. The Parliament has well-defined procedures to oversee government work. The use of non-standard adoption of government bills has declined since the last assessment and is lower than in Western Balkan administrations. However, supporting analytical documents are not effectively used by the legislature. The work of the Parliament is commendably transparent.

Figure 4. Share of government-sponsored laws adopted through non-standard proceedings



Source: SIGMA analysis based on official data for laws adopted in 2016, 2017 and 2024 (Armenia) and in 2023 (Western Balkans).

Note: The Western Balkan share is an average of Western Balkan administrations, except Bosnia and Herzegovina.

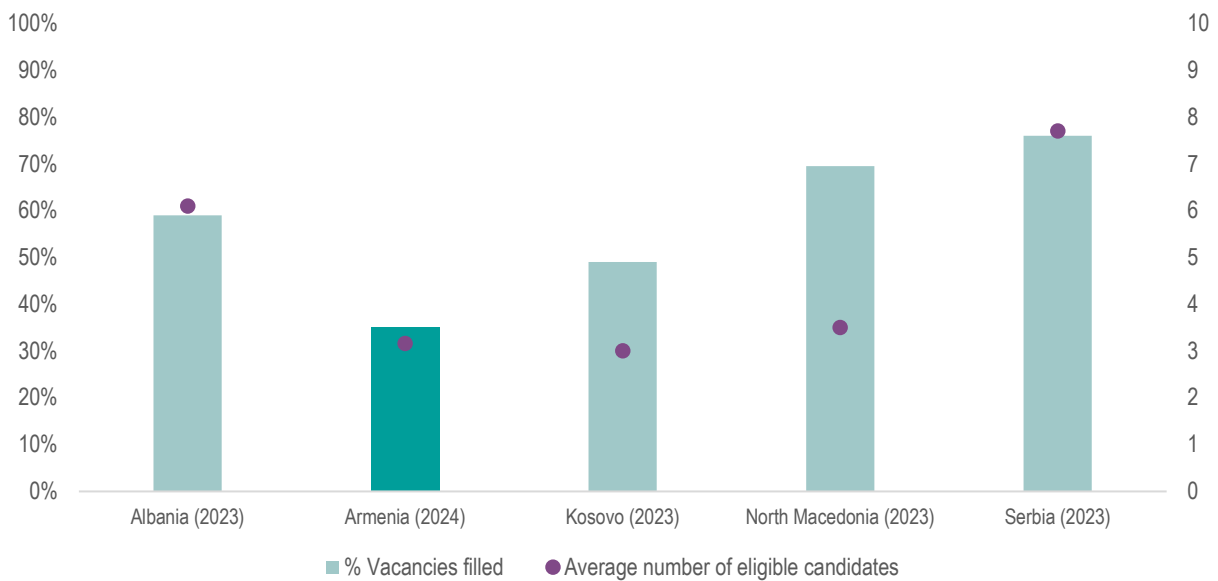
Some foundations and potential for a sound public service and HRM are in place, but further progress is inhibited by a fragmented legal framework and weak merit safeguards and capacities.

Progress toward a modern and effective HRM system has been limited. The 2018 Civil Service Law covers the legislative, executive and judicial authorities, but it permits exceptions that significantly narrow the scope of civil service. Regulations applicable to key groups of public servants and other public employees performing administrative functions are not fully aligned with public service principles. Policy direction and co-ordination of implementation efforts are primarily focused on the civil service and not on the broader public service, as is the case with the central Human Resource Management Information System. The TPM function is unclearly defined and, in the ministries, only includes secretaries general. While TPM roles

demonstrate reasonable levels of attractiveness and stability, access to these positions is not fully based on merit. Gender balance in senior roles remains far from being achieved and is below the average in EU Member States.

The methodologies for job descriptions, evaluation and classification offer a reasonable basis for sound HRM, but this potential remains largely unrealised. Workforce planning and strategic approaches to recruitment and professional development are absent. Overall, recruitment to civil service jobs is competitive, non-discriminatory and transparent, and the CSO has improved information to potential candidates on its website. However, the attractiveness of civil service jobs below the TPM level is low, with only 35% of externally advertised vacancies filled in 2024, significantly lower than in Western Balkan administrations. Selection methods continue to rely heavily on knowledge-based testing, and political appointees – ministers, deputy ministers or political advisors – can sit on selection panels. Although the salary structure is clearly defined, exceptions to general rules on additional pay and the wide variety of bonuses result in remarkable disparities in remuneration across public bodies. Most respondents to the SIGMA Survey of Public Servants on the functioning of the public administration in Armenia, conducted in March-April 2025, would recommend their organisation as a good place to work. Nevertheless, initiatives to promote public servants’ well-being are virtually absent, as is the case of social dialogue with staff representatives in the central government administration.

Figure 5. Effectiveness of external competitions to fill civil service jobs, except TPM



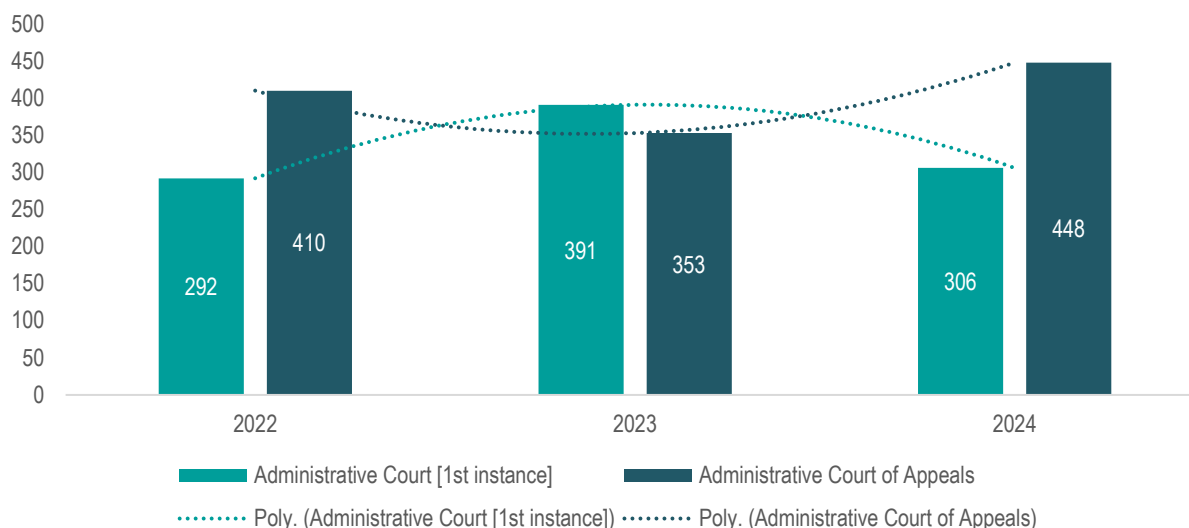
Note: Data for Montenegro and for some administrations of Bosnia and Herzegovina are not available.
 Source: SIGMA analysis based on information provided by the administration.

While advancements in integrity and administrative justice have been achieved, structural weaknesses persist in administrative organisation, oversight and transparency to ensure accountable public administration.

Armenia has achieved improvements in the areas of public integrity and administrative justice. The adoption of a strategic anti-corruption framework demonstrates political commitment and offers a solid base for advancing transparency and ethical standards. The codification of procedural rights within administrative procedures and the broad scope of judicial review contribute to upholding the right to good administration. Oversight institutions, such as the Ombudsperson Institution and the Supreme Audit Institution, benefit from formal guarantees of independence and extensive investigatory powers.

Nevertheless, there are systemic challenges that hinder institutional coherence and performance. The absence of a clear policy direction and insufficient implementation capacity for reforming the organisational structure of public administration results in a fragmented and inconsistent institutional landscape. The widespread delegation of administrative functions to state-controlled entities governed by private law severely undermines the cohesion of public administration and enables evasion from core public sector rules on integrity, recruitment and remuneration transparency. This obstructs efforts to professionalise the public service and establish a unified accountability regime. Transparency and access to public information remain mostly aspirational due to persistent legislative and institutional weaknesses, including the absence of an open data portal, the lack of regulation on data re-use and, critically, a lack of effective oversight mechanisms. The effectiveness of independent institutions in scrutinising public administration remains limited in the absence of comprehensive mechanisms to monitor the implementation of their recommendations. There is no central monitoring of efficiency and quality of administrative decision-making. Data on efficiency in handling cases by the Administrative Court of Appeal are increasingly worrying.

Figure 6. Calculated disposition time (days) in the Administrative Court and the Administrative Court of Appeal



Source: Data provided by the Judicial Department (2023-2024); Council of Europe, European judicial systems (CEPEJ) 2024, CEPEJ Evaluation Report 2024 Evaluation cycle (2022 data), Country Report: Armenia.; <https://rm.coe.int/armenia/1680b1df34>.

There are notable developments in digital service delivery, but challenges remain in over-the-counter services, administrative burden reduction, service monitoring and accessibility.

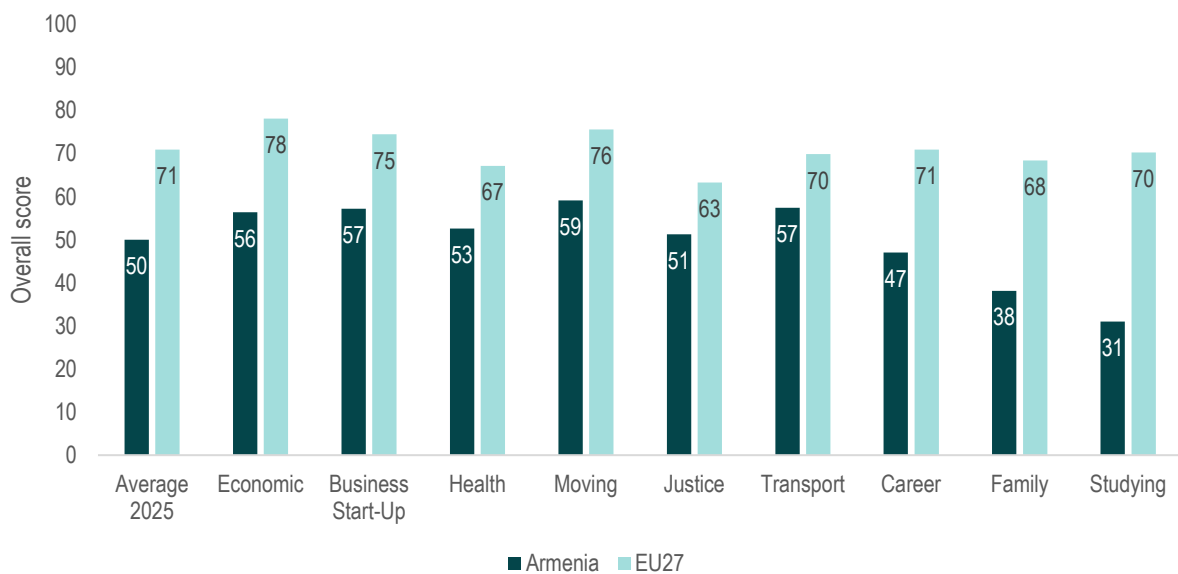
Armenia has made significant progress in advancing its public service digitalisation agenda. The Digital Transformation Strategy 2021-2025 and the PAR Strategy 2023-2025 provide a solid foundation with clear goals and responsibilities. However, offline service delivery is not comprehensively addressed and lacks a designated co-ordinating institution.

Digital transformation is progressing well, with 81% of assessed services digitalised to some extent. However, this remains below the EU average (93%), and many services are still primarily accessed in person. The user-centric approach is gaining traction through life-event redesigns of key services, supported by innovative tools and user journey mapping piloted by the Information Systems Agency of Armenia (ISAA). Despite these advancements, there are several challenges for streamlined, high-quality and accessible online and offline services. Reducing administrative burden is not a standard regulatory

requirement, and ISAA's methodology for analysing economic and social impacts of digitalising services has yet to be adopted across ministries. Several key dimensions of online service usability are still below the EU average, and proactive service features, such as automatic renewals and notifications, are not yet implemented, limiting the responsiveness of digital services. The digital signature system is functional and free of charge, but underused, and the legal framework is not fully aligned with EU standards. Cybersecurity is covered in the Digital Strategy, but the Law on Cybersecurity is yet to be adopted. There is no structured approach to developing or retaining digital talent in the public sector.

While the online portal <https://hartak.am> provides standardised information on digital services, the publication of concrete quality commitments is missing. Performance indicators are not commonly defined or used across government, limiting accountability and service benchmarking. A common methodology for user satisfaction measurement has been introduced using QR-code surveys, but this approach risks excluding digitally underserved populations. Accessibility of services is uneven. Digital portals largely meet international standards (WCAG 2.1), but in-person services still face major accessibility gaps. While 63% of citizens who responded to the SIGMA Survey of Citizens on public administration 2025 declared that they were satisfied with the functioning of all administrative services in the country, business satisfaction is notably lower (45%).

Figure 7. Overall score of the eGovernment Benchmark methodology in Armenia and the EU27



Note: eGovernment benchmark scoring ranges from 0 to 100 (depending on the percentage of services complying with the standards).
Source: SIGMA mystery shopper analysis based on the EU eGovernment Benchmark methodology.

There has been progress in budget management and fiscal discipline, but challenges persist in revenue collection, risk management, internal control and audit systems.

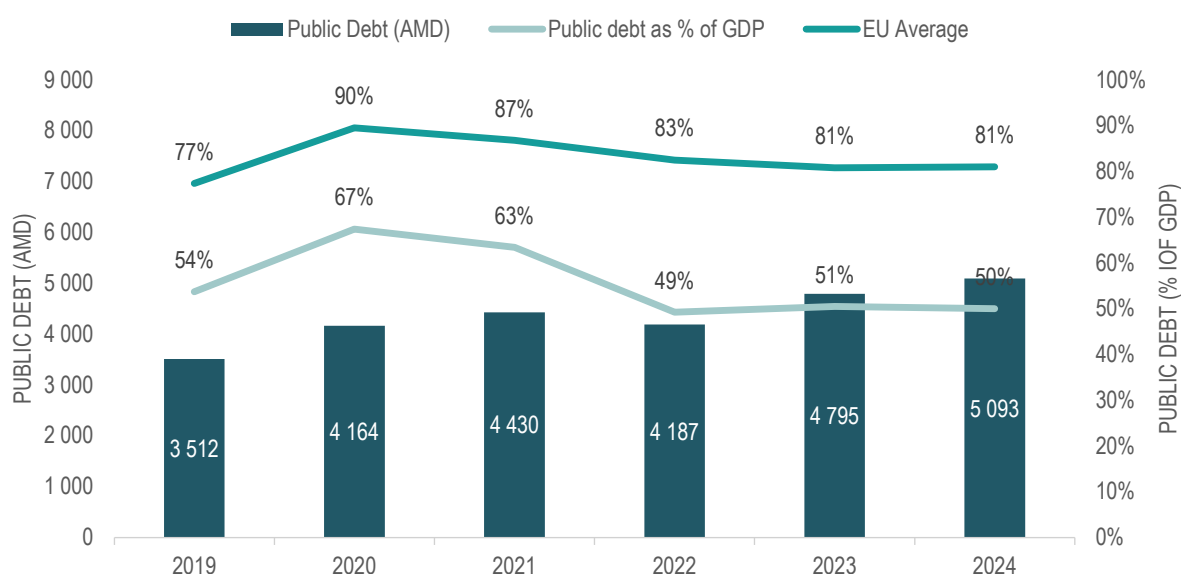
Armenia has undertaken several significant reforms to enhance PFM, particularly in budget formulation and execution. The legal and procedural framework for budget preparation is comprehensive, with clear timelines and medium-term fiscal planning. Public access to budget information through citizen-friendly formats and open data platforms has advanced transparency. However, the credibility of the Medium-Term Budgetary Framework could be improved, and practical challenges persist in ensuring effective parliamentary and independent scrutiny. Notably, Armenia lacks a dedicated independent fiscal oversight body.

Tax administration and cash management systems have improved. Nevertheless, revenue collection is below planned levels, which indicates issues in revenue predictability and collection efficiency. Despite these challenges, Armenia maintained fiscal discipline in 2024, with actual debt and deficit figures staying below their estimated levels. The government has developed a comprehensive fiscal risk management framework, but the frequency and depth of fiscal risk monitoring is still evolving.

Public internal financial control remains underdeveloped, lacking comprehensive regulations, co-ordination and structured risk management. The absence of systematic internal control reporting hampers oversight but does not preclude effective day-to-day control practices. Internal audit functions are legally well-established, along with related guidance. However, the framework needs to be updated to reflect recent changes in international standards. There are challenges related to co-ordination, capacity, quality assurance and external assessments which limit the overall effectiveness of internal audit. Key elements, such as staffing for the Central Harmonisation Unit and the finalisation of the 2024 audit development, plan remain pending.

The external audit function performed by the Audit Chamber benefits from a strong legal foundation, ensuring operational independence and alignment with international auditing standards. The Chamber's mandate covers all public sector financial operations. However, practical challenges remain in implementing the requirements of the revised quality management system, and there is limited parliamentary scrutiny and engagement in response to audit findings.

Figure 8. Stock of public debt and public debt as a percentage of GDP



Sources: Ministry of Finance Public Debt reports; Eurostat.

There is reasonable alignment of public procurement legislation with EU principles, but legal completeness and consistency, strategic orientation, and management, monitoring and oversight of procurement need improvement.

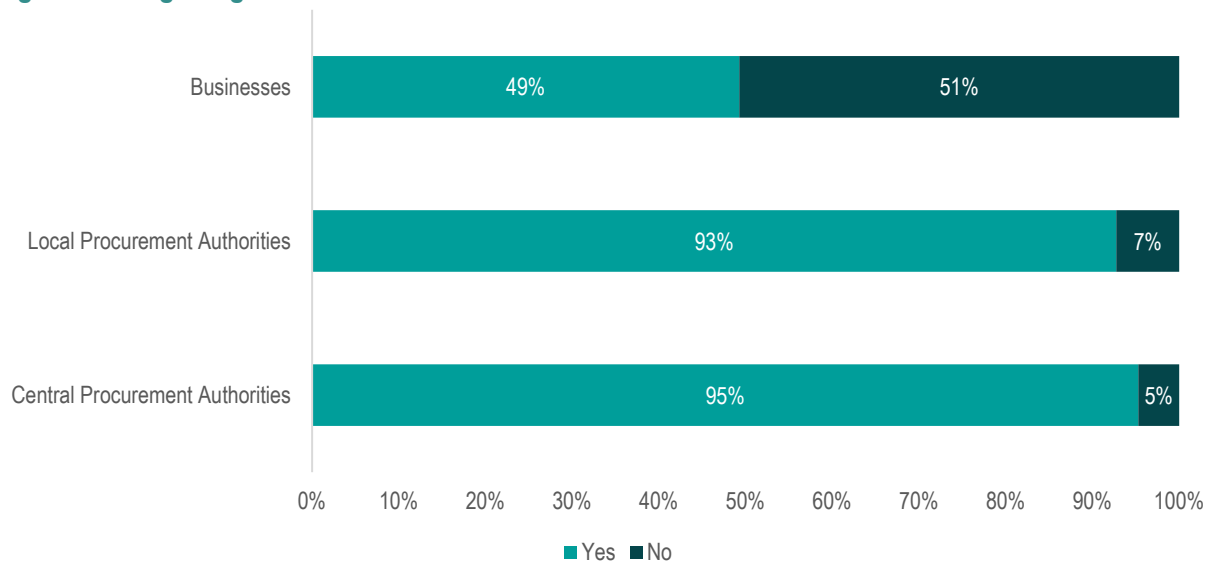
The Public Procurement Law is broadly aligned with 2014 EU Directives. However, some key instruments, such as framework agreements and dynamic purchasing systems, are lacking. Approximation to EU standards in some specific sectors is only partial or not in place. Overall, eligibility criteria for participation in procurement mirror the exclusion grounds set out in the EU Directives, but there is a significant discrepancy in the way economic operators are excluded from participation in the procurement process,

which results in a very high number of entities included on the list of ineligible bidders. While the Public-Private Partnership (PPP) Law incorporates key procurement principles, its contract award and review procedures are not yet in line with the EU *acquis*.

A strategic concept for public procurement was adopted in 2022, but it fails to comprehensively address all necessary policy components, and there is no up-to-date and structured action plan for implementation. This, along with limited availability of data in ARMEPS, the electronic procurement system, hinders policy monitoring and accountability. Key challenges persist in implementation. Competitive participation is gradually increasing, but non-competitive procedures still dominate in contract value. Centralised purchasing is absent, and contract management requires improvement. Support mechanisms are in place and include general guidance, training and certification of procurement officers. However, sector-specific guidance and practical training are lacking. Institutional co-operation and co-ordination also need strengthening.

The review system underwent significant reform in 2022 with the introduction of court jurisdiction over complaints. Deficiencies persist in the review framework for PPPs and concessions. There was an increase in appeals, particularly concerning the inclusion on the list of ineligible bidders, and effective monitoring of performance is not yet in place. The establishment of a dedicated judicial panel specialised in public procurement is expected to enhance the quality of decisions.

Figure 9. Usage of guidelines



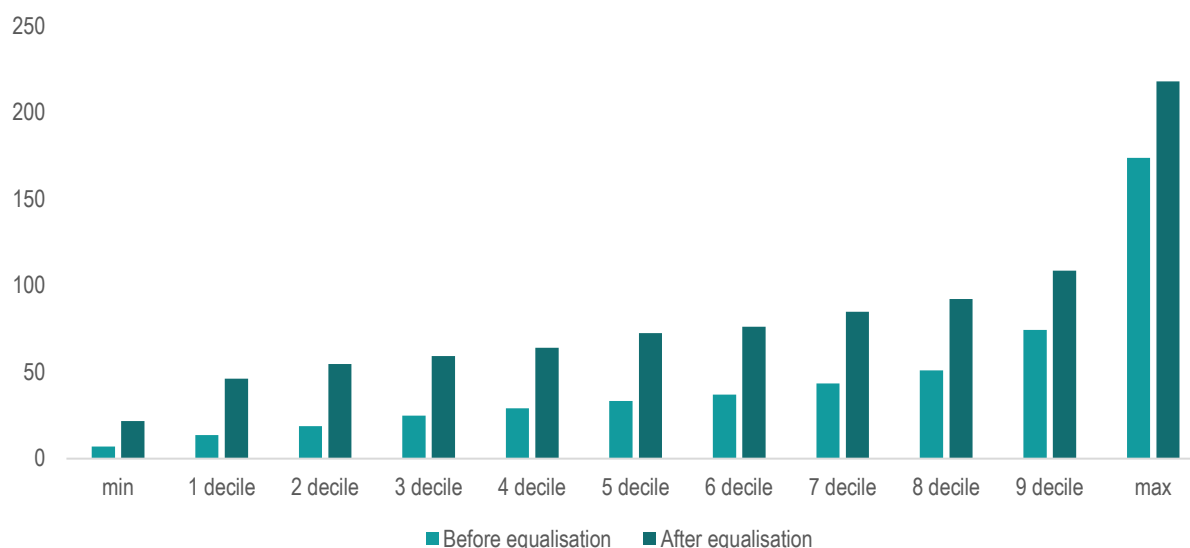
Source: SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2025.

There is a sound legal basis for multi-level government, but reduced competences and fiscal autonomy, fragmented oversight and underutilised inter-municipal co-operation undermine multi-level governance.

The legal basis for multi-level governance is relatively strong, including a system for tax sharing and equalisation. However, there is still a notable gap between legislation and practice. Municipal amalgamations have increased the size of local units, but the scope of competences is limited. Although legislation supports local government fiscal autonomy, financial resources are inadequate for municipalities to meet their responsibilities. The fiscal equalisation system, introduced in 2023, has noticeably reduced disparities, but its effectiveness could be improved. Consultation between central and local governments is not institutionalised, and there is no co-ordinated structure among ministries on local government

matters. Audit and oversight mechanisms are fragmented and require further development. Inter-municipal co-operation is not sufficiently utilised, nor are mechanisms for citizen participation. The ongoing work of a Draft Law on Local Self-Government and a Decentralisation Strategy are opportunities for transformative progress, if backed by political will, institutional commitment and inclusive policymaking.

Figure 10. Per capita revenue of Armenian local governments before and after equalisation



Note: Per capita revenue in USD.

Source: SIGMA calculation based on financial reports provided by Armenian authorities.

The way forward

Drawing on the comparative weaknesses in the functioning of public administration and understanding the potential of the administration of Armenia to implement reforms, the following directions merit highest level attention and support:

- The Government should adopt a comprehensive PAR agenda, including PFM, public procurement, access to public information, in-person service delivery and local government development areas.
- The Government should define and streamline institutional functions to ensure effective and coherent co-ordination of European integration-related matters.
- The Government should ensure the adoption of updated and comprehensive legal frameworks aligned with EU standards in PAR areas, including digital governance, access to information, public integrity, public internal financial control and public procurement.
- The Government should strengthen professional leadership and management in public administration, as an essential driver of successful and sustainable reforms. This should involve expanding the scope of the TPM function to the co-ordination of policy areas in ministries and the positions of heads of agencies subordinated to ministries. The Government should ensure merit in the access to TPM positions and promote gender balance.
- The Government should review the bodies currently performing functions of public administration in atypical organisational forms with the aim of integrating them into the general regulatory framework for the state administration, or at least ensuring greater alignment with the rules of open and merit-based recruitment, transparent salaries and public integrity.
- The Parliament should develop its scrutiny of the Government in policymaking and implementation and PFM. The Ombudsperson Institution and the Supreme Audit Institution should considerably improve mechanisms to monitor the responsiveness of public authorities to their recommendations.



Strategy

The government ensures a strategic **vision and leadership** for an agile, innovative and continuously improving public administration responsive to new challenges.

The Principles of Public Administration

- Principle 1** A comprehensive, credible and sustainable public administration reform agenda is established and successfully implemented, fostering innovation and continuous improvement.

Summary and recommendations

Although the Government put its Strategic Framework for public administration reform (PAR) in place in 2022, it has not established clear responsibilities and robust mechanisms to ensure regular follow up and implementation of the commitments in it. In 2025, the three-year operational plan is approaching its expiry date, but there is no reliable consolidated information on the outcomes, outputs or bottlenecks of PAR reform. This hinders evidence-informed remedial decisions, transparency and citizens' awareness of progress on PAR. Revision of the regulatory framework for strategic planning in September 2025 envisages institutional, monitoring and co-ordination mechanisms, but these have yet to be established.

In 2022, the Government adopted its first PAR Strategy and the accompanying Roadmap for 2023-2025. The PAR Strategy serves as the overarching strategy for planning reforms across four core reform areas: policy development and co-ordination; public service and human resource management; organisation of public administration; and service delivery and digitalisation. However, the public financial management (PFM) area is not covered by the PAR agenda because the PFM Strategy expired in 2023, and a new one has not been prepared. The latest revision of the regulatory framework for strategic planning foresees the development of a comprehensive seven-year PAR strategy covering all core reform areas, including PFM. The preparation of a new comprehensive PAR Strategy has yet to begin which may affect its finalisation on time before the expiration of the existing framework.

PAR is prominently featured in the Government Programme 2021-2026 and the Armenia Transformation Strategy 2050, both of which set out ambitious goals to modernise policymaking, enhance public service delivery and strengthen public financial management. Yet, **the implementation of PAR relies largely on external funding**, with 88% of the estimated costs expected to be covered by donors. This raises concerns about the financial sustainability and ownership of PAR.

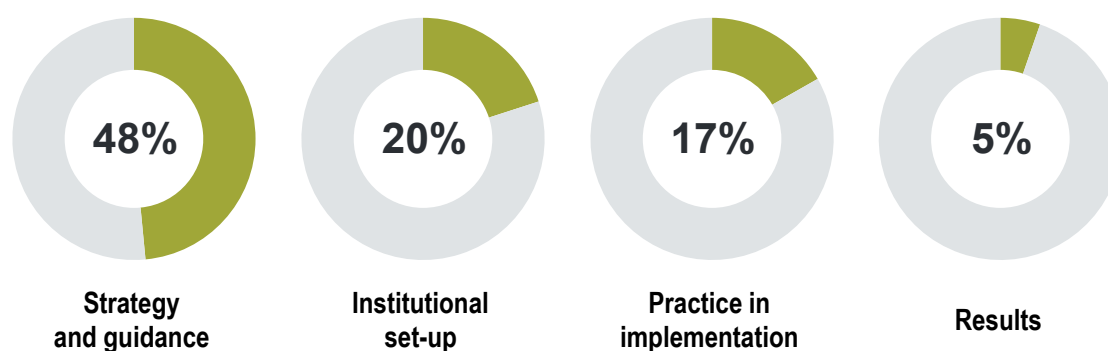
The quality of the PAR Strategy itself is limited by a weak situational analysis, missing outcome indicators and benchmarks, and incomplete and unclear costing of reform activities. **Monitoring, reporting and evaluation mechanisms remain underdeveloped. PAR co-ordination responsibilities are not clearly defined, and annual reporting is either missing or too formalistic to effectively inform the Government on PAR progress.** No reports were prepared for 2022 or 2023, and the 2024 report, submitted with delay, consists mainly of a list of administrative actions. Consequently, the Government lacks a reliable picture of actual reform progress and is unable to make informed decisions about necessary adjustments or resource reallocation.

Co-ordination mechanisms for PAR are not effectively and regularly applied. Political-level co-ordination takes place sporadically through ad hoc thematic meetings with the Prime Minister, with **no permanent forum or designated lead co-ordinating institution in place.** The latest revision of the regulatory framework for strategic planning foresees the establishment of the working group chaired by the Deputy Prime Minister to co-ordinate the development and implementation of strategies which has yet to be formed in line with the new requirements. At the administrative level, no co-ordination body has been established, and while political responsibility is formally shared among three high-level officials, clear lines of accountability are lacking.

Engagement with civil society is limited to ad hoc meetings and online consultations on draft planning documents.

The Government has taken no visible steps to promote innovation or communicate PAR results proactively. Although the majority of public servants report that innovation is encouraged, there are no mechanisms to support, document or scale successful practices across the public administration.

Figure 11. State of play in strategy and continuous improvement of public administration by type of criterion



Note: This figure presents the results of the assessment by type of evaluated criteria: legislation; strategy and guidance; institutional set-up; practice in implementation; and results. The percentages represent the ratio of actual points awarded to the maximum possible points under each criteria type, calculated across all principles within the area.

Recommendations

1. To ensure consistent, co-ordinated and timely preparation, implementation and monitoring of planned reforms, the Government should establish new strategy management bodies and clearly designate one lead institution responsible for overall planning, co-ordination and monitoring of PAR implementation.
2. The Government should, in line with new strategic planning requirements, launch preparatory work for the new PAR Strategy ahead of its expiry in 2025. The new planning document(s) should ensure comprehensive coverage of PAR pillars with clearly defined outcomes, costing and sustainable financing.
3. The Government should establish functioning mechanisms for steering and co-ordination of PAR at both political and administrative levels, bringing together representatives of all relevant institutions.
4. The Government should ensure regular and timely preparation and publication of reports on PAR implementation, in line with the time frames set in the monitoring framework. Reports should focus on actual progress towards achievement of objectives and outcome-level indicators, as well as actions and outputs. Reports should be finalised and published within the first quarter of each year to enable timely interventions to address challenges.
5. The Government should proactively involve civil society and other non-state actors in both the design and monitoring of reforms, by including them in working and implementation co-ordination groups and through regular consultations and joint meetings.
6. The Government should develop a dedicated PAR communication platform to share progress, reports and reform priorities with external and internal stakeholders. As part of this, the administration should consider identifying and promoting innovative approaches and practices by organising events, competitions and awards.

Analysis

Principle 1: A comprehensive, credible and sustainable public administration reform agenda is established and successfully implemented, fostering innovation and continuous improvement.

The PAR agenda is incomplete due to delays in the adoption of the new PFM Strategy, while the other areas are due to expire in 2025. The existing PAR planning document lacks clarity in defining success indicators and target values for some of its objectives. Overall political and institutional responsibilities have not been clearly defined, causing ambiguity in co-ordination and fragmented monitoring and reporting. Furthermore, the quality of monitoring, reporting and communication on reform progress is weak, while stakeholder engagement in the PAR process continues to be limited.

Indicator 1. Quality of public administration reform (PAR) agenda	2025 indicator value	26/100
Sub-indicators		Points
1. Prioritisation of PAR in key horizontal planning documents		4/8
2. Scope and comprehensiveness of PAR agenda		12/23
3. Reported implementation rate of PAR agenda		0/30 ⁱ
4. Management and co-ordination of PAR agenda		2/12
5. Monitoring implementation of PAR agenda		4/10
6. Stakeholder involvement and communication		2.3/9
7. Promotion of innovative practices		1.3/8 ⁱⁱ

ⁱ Data not available or not provided.

ⁱⁱ Data not available or not provided for all criteria.

The Government prioritises PAR in several strategic documents. The Government Programme 2021-2026¹⁰ identifies institutional development as one of its six key focus areas. Furthermore, PAR is featured as one of the 16 strategic priorities in the Armenia Transformation Strategy 2050.¹¹ Both documents outline specific objectives and reforms related to PAR, such as the development and implementation of high-quality policies, public engagement, efficient public finance management and the establishment of an effective, merit-based public service. PAR is further reinforced in the Rules of Procedure (RoP) of the Government, which provide for the development of six comprehensive strategies, including one dedicated to PAR.¹²

¹⁰ Programme of the Government of the Republic of Armenia 2021-2026, adopted by Decision of the Government No. 1363-N of 18 August 2021, pp. 105-125.

¹¹ The Armenia Transformation Strategy 2050 has not been formally adopted as an official policy document, but it is actively promoted as a strategic vision. This vision was publicly articulated by the Prime Minister during the commemoration of the 29th Anniversary of Armenia's Independence, <https://www.primeminister.am/en/press-release/item/2020/09/21/Nikol-Pashinyan-meeting-Sept-21/>. State institutions acknowledge it as the main strategic document and refer to this strategy in other strategic documents and the Government Programme 2021-2026.

¹² RoP of the Government, adopted with the Decision of the Government No. 252-L of 25 February 2021 and revised on 18 September 2025, Article 159.

Although PAR is prominently featured in high-level political and strategic documents, the reform process remains heavily reliant on external funding: 88% of the estimated costs are expected to be covered by donor contributions. This, combined with insufficient PAR agenda co-ordination, signals lack of genuine PAR ownership and priority.

Delays have been observed in the adoption of planning documents for specific reform areas. The most recent PMF Strategy,¹³ adopted in 2019, expired in 2023. The remaining priority areas of public administration (policy development and co-ordination; public service and human resource management; organisation of public administration; and service delivery and digitalisation) are addressed in the PAR Strategy¹⁴ extending to 2030 and a detailed Roadmap, which will expire in 2025. However, the preparation of a new comprehensive PAR strategy in line with new strategic planning requirements has yet to begin, which may result in a prolonged policy gap.

The quality of the PAR Strategy and its two supporting documents – the Roadmap and the Results Framework for 2023-2025 – is not consistent. Individual reform measures and activities are assigned to specific institutions, with clearly defined deadlines, but the situational analysis is weak. It lists problems without explaining their root causes or presenting concrete data to support their identification. Although the Strategy sets out specific objectives, some of them lack outcome-level indicators, making it unclear how progress will be measured. Furthermore, where outcome-level indicators are identified, some do not have defined target values, resulting in the absence of concrete benchmarks for measuring progress.

The information on financial resources for reform activities is also incomplete, with only 25 out of 32 activities (78%) costed. While a source of funding is formally indicated for 94% of costed activities, some of the descriptions are vague (e.g. “state budget and other sources not prohibited by law”), without specifying the amounts from each source. Additionally, the overall approach to costing lacks clarity. In several cases, it is unclear whether financial resources are not needed or whether no additional funding is required because it has already been allocated. Detailed cost estimates are available only for some activities.

The alignment between the PAR Strategy and the Government Activities Plan 2021-2026¹⁵ (GAP) could not be assessed because activities, especially legislative, are vaguely formulated.

There are no functioning mechanisms for overall management and co-ordination of PAR at either the political or administrative level. There is no dedicated political-level co-ordination forum or body. Instead, political-level discussions on PAR occur through ad hoc thematic government meetings convened as needed. Over the past three calendar years, three such meetings have taken place, in July 2023, December 2024 and January 2025. The infrequency of these meetings limits regular discussion and steering of implementation of the PAR Strategy. Revision of the strategic planning system envisages establishment of a working group chaired by the Deputy Prime Minister to steer the development and implementation of PAR strategy¹⁶, but such a mechanism has yet to be established.

At the administrative level, co-ordination is absent, as no administrative body has been established to oversee implementation of the PAR Strategy.

¹³ Strategy for Reforms of the Public Financial Management System for 2019-2023, adopted on 28 November 2019.

¹⁴ PAR Strategy, adopted on 13 May 2022.

¹⁵ The Programme of Activities of the Government of the Republic of Armenia for 2021-2026, adopted on 18 November 2021.

¹⁶ RoP of the Government, Article 161.

Table 1. Management and co-ordination of the PAR Strategy

	Pillar I – Strategic Planning and Policy Development	Pillar II – Public Service Delivery	Pillar III – Institutional Modernisation	Pillar IV – Human Resources Management	Pillar V – Communication and Public Participation
Political responsibility	Deputy Prime Minister M. Grigoryan		Deputy Prime Minister T. Khachatryan		Chief of Staff, Office of the Prime Minister
Overall institutional responsibility	Not assigned				
Overall managerial responsibility	Advisor to the Deputy Prime Minister M. Grigoryan				

Source: SIGMA analysis based on regulations and organisational statutes.

The same applies to political and institutional responsibility. According to the PAR Strategy, political responsibility for strategy co-ordination is shared among three officials, two Deputy Prime Ministers and the Chief of Staff of the Office of the Prime Minister (OPM).¹⁷ However, it is unclear who holds the ultimate responsibility for overall co-ordination. No institution has been designated to oversee overall co-ordination, monitoring and reporting of the PAR Strategy.

Significant shortcomings are evident in implementation, monitoring and reporting, and requirements for monitoring, reporting and evaluation are insufficiently defined. While the strategy envisages annual reports, interim progress reports after each phase (e.g. in 2026 for the 2023-2025 period) and a final evaluation report in 2031,¹⁸ institutional responsibilities for reporting and evaluation are not clearly assigned. In practice, annual monitoring reports on implementation of the PAR Strategy are neither prepared nor published on time. Reports for 2022 and 2023 have not been prepared at all. In 2024, the PAR Strategy report was prepared and published well beyond the required deadline by the Programme Expertise Department (PED) of the OPM, despite the fact that this function does not fall within its designated mandate.

The quality of the report is inadequate. It is highly formalistic, listing administrative steps taken without clarifying whether the activities were completed or reporting on the implementation of objectives and achievement of indicators. Hence, it was not possible to determine the exact implementation rate of PAR Strategy activities and objectives entering into the final year of implementation of the Roadmap. A practical consequence of such shortcomings is that the Government and stakeholders are unable to determine whether the planned objectives and activities are producing tangible results. Additionally, the Government misses the opportunity to take timely corrective measures when implementation deviates from the plan or when the activities undertaken fail to deliver the expected outcomes.

Co-operation with non-state actors has not improved since the last assessment. Several consultative meetings were held with non-state actors during the preparation and revision of the PAR Strategy. Engagement remains limited to online consultations on PAR planning documents. Non-state actors were not involved in working groups during the preparation of the PAR Strategy or the 2023 revision of its Roadmap, and they currently have no active role in monitoring PAR implementation.

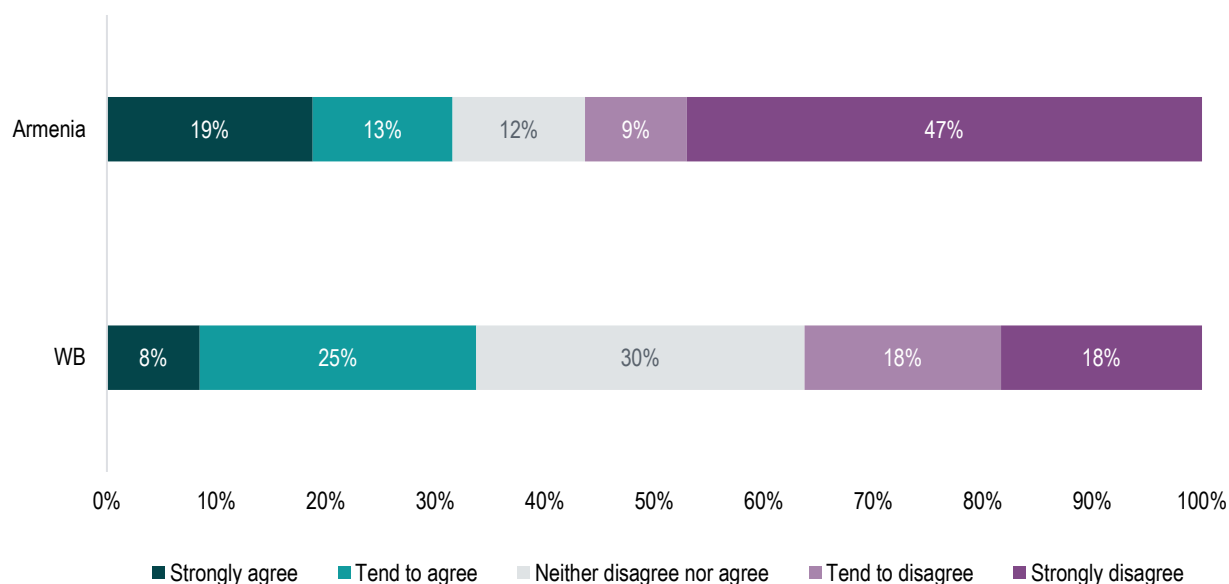
Communication and the public dissemination of information related to PAR is also very limited. There is no dedicated website for PAR. Although the 2024 PAR Roadmap report has been published, it remains inaccessible, with no direct link, and no reports were prepared for previous years. As a result, only 32% of citizens agree that they have seen information on PAR over the previous six months. That share is

¹⁷ *Ibid.*

¹⁸ PAR Strategy, Chapter 5.

comparable to the average of Western Balkan administrations, but in Armenia considerably more citizens disagreed when asked if they had government seen information related to PAR.

Figure 12. Citizens' awareness of PAR initiatives



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?": "During the last six months, you have seen government information related to improvement of work of public administration." Armenia, n=771; WB, n=7 770. Sources: SIGMA Survey of Citizens on public administration in Armenia 2025, conducted in March-April 2025 and SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024.

There is no evidence that special events, awards or activities are organised to proactively promote good practices related to innovative approaches in public administration. Similarly, it was not possible to assess the existence or effectiveness of policies to promote innovation in the public administration. Nevertheless, 67% of public servants perceive that good innovative approaches are being encouraged within the public administration.¹⁹ Additionally, 60% of them believe that new and innovative practices introduced by individual institutions are being shared across the broader public sector.²⁰

¹⁹ SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025, conducted in March-April 2025.

²⁰ *Ibid.*



Policy development and co-ordination

The government ensures that **policies and budgets are harmonised**, effectively planned, co-ordinated across the whole-of-government, implemented, monitored and evaluated against clearly defined policy objectives. Ministries develop coherent public policies through an open and participatory process, informed by sound evidence and analysis.

The Principles of Public Administration

- Principle 2** Public policies are coherent and effectively co-ordinated by the centre of government; decisions are prepared and communicated in a clear and transparent manner.
- Principle 3** The government plans and monitors public policies in an effective and inclusive manner, in line with the government fiscal space.
- Principle 4** Public policies are developed based on evidence and analysis, following clear and consistent rules for law making; laws and regulations are easily accessible.
- Principle 5** All key external and internal stakeholders and the general public are actively consulted during policy development.
- Principle 6** Public policies are effectively implemented and evaluated, enhancing policy outcomes and reducing regulatory costs and burdens.
- Principle 7** The parliament effectively scrutinises the government policymaking and ensures overall policy and legislative coherence.

Summary and recommendations

Several regulatory and institutional changes have been introduced in policy development and co-ordination in Armenia since the last assessment. In September 2025, regulatory changes were introduced to consolidate sector strategy planning and management as well as strengthen linkages with political and financial planning. The guidelines to support the application of new planning and monitoring requirements and procedures have yet to be developed. At the same time, an institutional reform of the regulatory impact assessment (RIA) system established a central RIA oversight function in the OPM and strengthened the role of sponsoring ministries. However, the consistency and quality of analysis accompanying draft regulations has declined, as few laws and regulations are actually subject to RIA. Although stakeholder engagement is carried out, it often takes place at the end of policy development and primarily through written consultation. Transparency of government and parliament decision-making, along with free and easy access to regulations, have remained exemplary. Parliament's legislative activity has become more robust, as reflected in the reduced use of non-standard proceedings for adoption of laws.

Most of key centre-of-government (CoG) functions are assigned to institutions, primarily to the OPM, but some gaps remain. Responsibility for managing government transitions remains unclear. Internal co-ordination between various units of the OPM is in place, but collaboration remains limited between the OPM and other CoG bodies, such as the MoF and the Ministry of Justice (MoJ), during the preparation of the GAP. The quality control system for draft submissions is established but inconsistently enforced. **Government decision-making is transparent**, with the administration ensuring that government session agendas and decisions are prepared and published on time.

Armenia has strengthened its efforts in co-ordinating activities related to the implementation of the Comprehensive and Enhanced Partnership Agreement (CEPA). The Inter-Agency Commission, chaired by the Deputy Prime Minister, co-ordinates the implementation of the CEPA and other European Union (EU) related programmes and projects. In 2024, a working group under this Commission headed by the Deputy Prime Minister was established to develop an updated Roadmap for CEPA implementation. Furthermore, work is ongoing to develop the first CEPA Roadmap implementation report since its adoption in 2019. The Office of one of the Deputy Prime Ministers is responsible for overall daily co-ordination, however, no institution is formally assigned responsibility for European integration-related (EI) policy planning and reporting, or for co-ordination of the alignment of national legislation with the EU *acquis*. While the Inter-Agency Commission ensures political-level steering of EI, no administrative-level co-ordination body exists. Although guidelines are prepared, the transposition of EU law²¹ is insufficiently regulated and organised, and key tools and procedures required for effective and evidence-based alignment of legislation with EU laws, such as Tables of Concordance (ToCs), are not institutionalised and implemented in practice. Planning and implementation of official translations is not timely.

Despite improvements in the overall planning system, **the quality and coherence of government policy planning and reporting remain low.** Only 7% of the objectives in the Medium-Term Expenditure Framework (MTEF) and 11% in the GAP include outcome-level indicators, and just 18% of GAP objectives for 2025 align with MTEF priorities. An even more serious issue is that 83% of draft laws approved in 2024 were developed outside the Government's legislative plan. Sectoral strategy action plans are often delayed and poorly costed. **Monitoring and reporting on government policy plans remain weak.** Most central and sectoral strategy reports fail to track and discuss outcomes and progress towards policy objectives.

²¹ The Republic of Armenia committed to gradual and dynamic approximation of the EU *acquis* limited to the areas and scope defined by the Annexes to the Agreement, rather than harmonisation with the entire body of the EU *acquis* required for accession countries. Approximation will be dynamic following periodic revision and update of the Annexes to reflect the evolution of the EU law and applicable standards.

In 2018, the RIA system underwent reform that assigned the responsibility for conducting impact assessments to the proposing ministry, but **RIA has not yet become an effective instrument to inform government regulatory policymaking**. The system does not seem to be functioning well, as many important pieces of legislation and many regulations are considered and approved without adequate analysis of impacts and risks. RIA was carried out for only 4% of all primary legislation approved by the Government. Moreover, **the quality of the actual RIA reports is weak, making them irrelevant and not used to inform final government decision-making**. Challenges exist in both design and management of the whole RIA process, as well as the quality and consistency of RIA implementation and oversight.

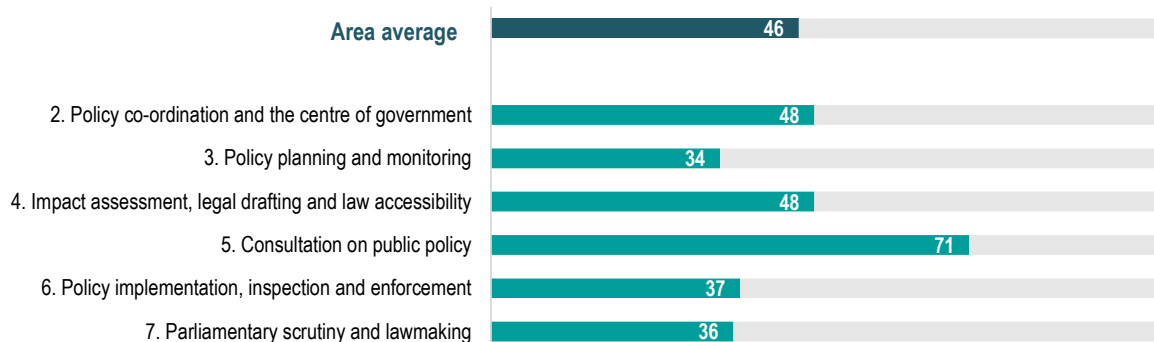
Accessibility of legislation and regulations in Armenia is fully and effectively ensured. All legislation is easily accessible free of charge in consolidated format through the online legal registry.

Public and interministerial consultation is required for all legislation, except for strategies, and it is effectively implemented in practice. All legislation adopted by the Government are subject to consultation through the e-consultation portal. Compliance with requirements is high as all laws and strategies are published on the portal for public review. A key issue is the absence of a designated institution responsible for overseeing compliance with the rules on public consultations. Moreover, although ministries generally meet formal requirements for written public consultations, **early stakeholder engagement and consultations and other stakeholder engagement tools are rarely used**. Interinstitutional consultation with relevant bodies is still not required for ministerial-level secondary legislation, but otherwise procedural rules are appropriate, and compliance is generally high.

Policy implementation and ex post evaluation show significant deficiencies. Legal deadlines for adopting secondary legislation required by new laws range from 6 to 24 months following the adoption. Sector strategy implementation is uneven across sectors, and implementation of objectives is not being tracked. The practice of ex post evaluation remains underdeveloped, and Armenia has yet to establish a comprehensive evaluation framework. The Government does not have a central policy and institution responsible for better regulation. Initiatives aimed at administrative simplification and burden reduction are implemented, but mostly in the service delivery area, as part of digitalisation efforts.

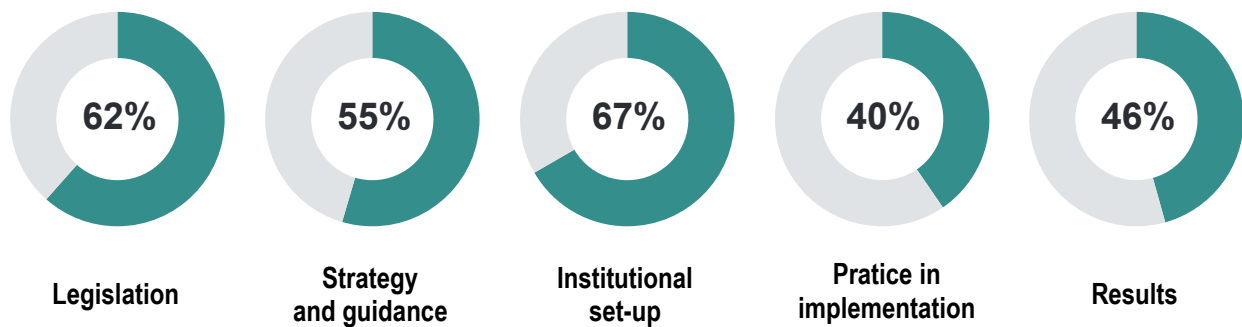
The Parliament has adequate procedures and rules in place to monitor, scrutinise and guide the work of the Government, and lawmaking procedures are fully accessible and transparent. The number of government-sponsored bills adopted through the non-standard proceedings has decreased compared to the previous assessment. Key regulatory management tools, such as RIA and public consultations or legal review by the MoJ, are not utilised to inform parliamentary lawmaking, as the corresponding reports and opinions are not shared with the Parliament. The quality of lawmaking by members of parliament (MPs) is uneven, with variation across proposals, which could be explained by the absence of internal procedures and tools to support consultative and evidence-based lawmaking.

Figure 13. Overall indicator values in the policy development and co-ordination area



Note: Area average is a simple average of the Principles within the area.

Figure 14. State of play in policy development and co-ordination by type of criterion



Note: This figure presents the results of the assessment by type of evaluated criteria: legislation; strategy and guidance; institutional set-up; practice in implementation; and results. The percentages represent the ratio of actual points awarded to the maximum possible points under each criteria type, calculated across all principles within the area.

Recommendations

1. The Government should revise relevant regulations and develop guidelines for comprehensive monitoring and reporting on government work plans and sector planning documents. All monitoring reports (including a consolidated GAP report), should cover achievement of results and progress made toward objectives and intended outcomes, remedial actions and should be prepared and published in a timely manner.
2. The OPM should strengthen quality control of strategic planning documents and its reports to ensure that they are methodologically sound and outcome oriented.
3. The Government should clearly designate and streamline the functions of lead institution(s) responsible for co-ordination of EI, including EI planning, reporting, and alignment of national legislation with the EU *acquis*, and it should establish relevant mechanisms to co-ordinate EI at the administrative level.
4. The Government should ensure regular revision of the CEPA roadmap and annual reporting on its implementation.
5. The OPM should evaluate the functioning of the whole RIA system and introduce changes to ensure that RIA contributes to evidence-based policy making and gradually covers more laws and regulations.
6. The Government should adopt clear procedural rules and guidelines to support planning and implementation of transposition of EU legislation, including through the use of dedicated tools and checks, such as ToCs and EU legal conformity checks.
7. The Government should formally assign a lead institution with the mandate to develop, co-ordinate and oversee compliance with the requirements for public consultation.
8. The Government should consider strengthening its efforts to advance better regulation and administrative simplification by assigning a lead institution to develop, coordinate and oversee implementation of this policy.
9. The Parliament should consider strengthening its internal procedures and capacities to support evidence-based lawmaking by MPs and ensure that parliamentary scrutiny of government-sponsored laws is supported by key documents, such as RIA reports, public consultation reports and state legal expert opinions issued by the MoJ.

Analysis

Principle 2: Public policies are coherent and effectively co-ordinated by the centre of government; decisions are prepared and communicated in a clear and transparent manner.

The regulatory framework for effective central government co-ordination and decision-making is largely in place, and the implementation of key functions related to central quality control, transparency and organisation of government sessions and co-ordination is generally consistent. In practice, some gaps exist in ensuring procedural compliance of proposals and co-ordination of the GAP with central institutions. The procedures and rules for central co-ordination of activities related to EI need further enhancement.

Indicator 2. Effectiveness of the centre of government (CoG), policy co-ordination and government decision-making		2025 indicator value	48/100
Sub-indicators		Points	
1. Assignment of critical functions to CoG institutions by legislation		7/9	
2. Internal co-ordination between CoG institutions		3/6	
3. Preparation of government sessions and openness of decision making		23/28	
4. Central quality check on procedural compliance		11.1/30	
5. Co-ordination of government communications		0/6	
6. Co-ordination of risk and crisis management		2/5	
7. Assignment of EI-functions to CoG institutions by legislation		1/4	
8. Availability of guidelines on EI processes		1/4 ⁱ	
9. Effectiveness of EI co-ordination in practice		0/8 ⁱ	

ⁱ Data not available or not provided.

Most key CoG functions and the corresponding institutional responsibilities are formally established, primarily through the Law on Government,²² the Law on Regulatory Legal Acts,²³ and the Rules of Procedure (RoP) of the Government.²⁴ Most of the CoG functions are formally assigned to the OPM. They are further elaborated in the Statute of the OPM,²⁵ which allocates specific tasks to the internal departments of the OPM.

However, the function of the co-ordination and facilitation of smooth government transitions following elections is not assigned. The function of verifying the financial affordability of legislative proposals is vaguely regulated. Although the MoF consistently provides such opinions in practice, the RoP of the

²² Law on the Structure and Activities of the Government (Law on Government), No. HO-253-N adopted on 23 March 2018.

²³ RoP of the Government, adopted with the Decision of the Government No. 252-L of 25 February 2021.

²⁴ Law on Regulatory Legal Acts, adopted on 21 March 2018.

²⁵ Statute of the OPM, adopted by the Decision of the Prime Minister No. 564-L of 25 May 2018.

Government only state that proposers must submit their proposals to all “interested” bodies prior to government deliberation and that the MoF ensures financial examination of strategic documents.²⁶

Table 2. Assignment of critical CoG functions

Function	Institutions
Government sessions	OPM Protocol Department
Legal conformity review	MoJ Legal Acts Expertise Agency and OPM Legal Department
Government planning	OPM PED
Proposal content review	OPM policy departments
Financial viability review	MoF (review of financial viability of strategic documents). No clear mandate assigned for review of legislative proposals.
Monitoring government performance	OPM PED
Inter-government relations	OPM Department of Relations with the National Assembly
Government communications	Not assigned
Government transition	Not assigned
Risk and crisis management	Rescue Service under the Ministry of Internal Affairs
EI co-ordination	Office of the Deputy Prime Minister, Department of International Economic Integration
EI planning and monitoring	Not assigned
European Union (EU) law conformity review	MoJ Legal Acts Expertise Agency
EU accession negotiation	Not applicable

Source: SIGMA analysis based on laws and regulations provided for assessment.

The RoP of the Government require internal co-ordination of policy proposals within the OPM through regular weekly pre-sessions prior to ministerial committee meetings.²⁷ Evidence submitted to SIGMA confirms that these sessions occur regularly, with the participation of heads of all OPM departments and coverage of all items scheduled for discussions in ministerial committees or government sessions. However, there is no consultation with CoG bodies on the preparation of the five-year GAP and its annual revisions. While internal co-ordination within the OPM primarily takes place at the departmental level, there is no evidence that the OPM co-ordinates the draft GAP with the MoF or the MoJ outside the formal interministerial consultation process.

The rules for submission of policy proposals and the central quality check are in place,²⁸ but the effectiveness of implementation of several CoG functions was found to be inconsistent in practice. The OPM is empowered to reject proposals that are incomplete or of insufficient quality.²⁹ For example, in 2023, the Department for Social Affairs of the OPM rejected 255 out of 777 proposals for these reasons. However, the OPM does not ensure consistent checks of procedural compliance or alignment with government priorities. Although it reported that all draft laws approved by the Government in 2024

²⁶ RoP of the Government, Article 206.

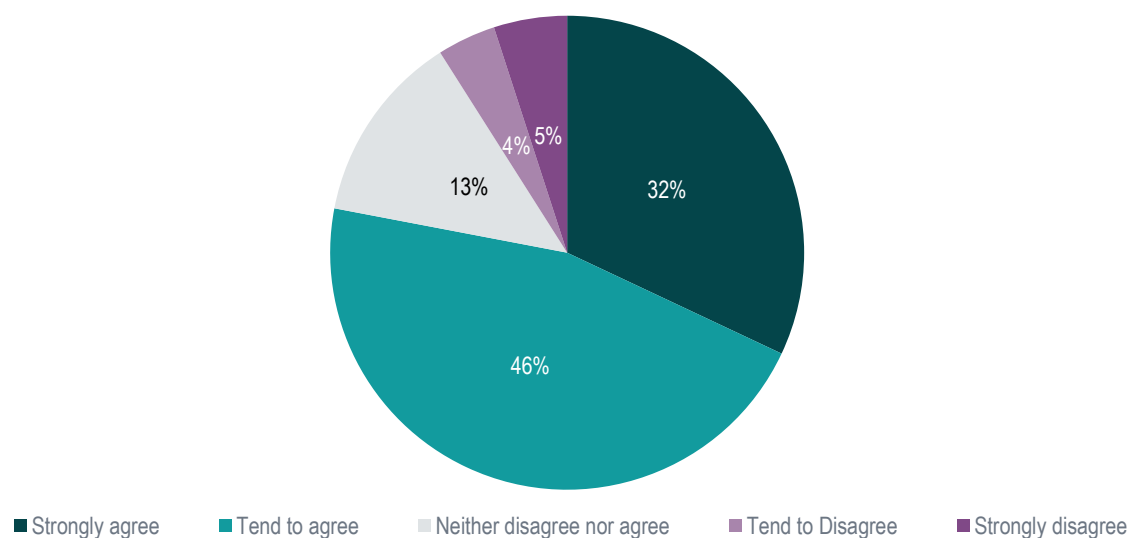
²⁷ *Idem*, Articles 27-29.

²⁸ *Idem*, Chapters 4-6.

²⁹ *Idem*, Articles 23-24.

underwent procedural review, an examination of samples³⁰ found one law³¹ lacking the mandatory state expert opinion from the MoJ and review by the OPM's RIA Department. Additionally, checks on the alignment of proposals with government priorities are not carried out systematically, as evidenced by the sample review.³² On the other hand, financial viability assessments of proposals are conducted regularly by the MoF in practice. Despite these shortcomings, 78% of surveyed public servants agreed that CoG institutions co-ordinate decision-making adequately.

Figure 15. Public servants' perceptions of quality of policy co-ordination by the OPM



Notes: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?": "The CoG institution adequately co-ordinates decision making at the government level to ensure its quality and coherence". The question was directed to relevant officials in line ministries who have responsibilities involving drafting policies, strategies, plans or legal acts or monitoring their implementation.

Source: SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025, conducted in March-April 2025.

Government decision-making is transparent. Agendas and all supporting materials are consistently published online prior to government sessions.³³ Following the sessions, decisions and press releases, including session video records, are also made publicly available.³⁴ However, co-ordination of government communication is weak. There is no central communications calendar to synchronise and co-ordinate policy announcements and events by various organisations. Additionally, there is no overarching communication strategy, central co-ordination of digital communications or training and guidance on digital

³⁰ Sample draft laws analysed for this criterion: 1) Draft Law on Amendments and Supplements to the Tax Code; 2) Draft Law on Amendments and Supplements to the Law on Funded Pensions; 3) Draft Law on Amendments and Supplements to the Law on Investment Funds; 4) Draft Law on Social Assistance; and 5) Draft Law on Amendments and Supplements to the Labor Code.

³¹ Draft Law on Amendments and Supplements to the Tax Code.

³² Such a review was only completed for the Draft Law on Social Assistance.

³³ The agendas and materials are shared at <https://www.e-gov.am/sessions/>.

³⁴ These materials are available at: <https://www.primeminister.am/en/press-release/>.

media policy. Furthermore, no institution evaluates the impact and effectiveness of government communication.³⁵

The legal framework for risk management is primarily established by the Law on Protection of the Population in Emergency Situations³⁶ and the Law on the Rescue Service.³⁷ These laws assign central co-ordination roles to the Ministry of Internal Affairs and the Rescue Service, which is also responsible for co-ordinating crisis response across the Government. However, these laws do not regulate, for example, the co-ordination of recovery activities or the preparation and regular updating of national risk assessments, which are currently not carried out due to this regulatory gap. A new, comprehensive law addressing the above gaps was adopted by the Parliament on 18 April 2025.³⁸ This law sets out a comprehensive regulatory framework for risk management and defines roles and responsibilities of various institutions at different levels of governance. It specifies bodies that are responsible for co-ordinating disaster risk reduction, emergency response and early recovery, as well as post-disaster recovery.³⁹ It also introduces mandatory periodic risk assessments, with corresponding reports required to be submitted to the Government each April.⁴⁰ However, its provisions will only take effect as of 1 January 2027, when the new law officially enters into force.⁴¹

The legal and institutional framework for managing the EI process needs further enhancement and streamlining. Overall daily co-ordination of EI process is assigned to the Advisor to the Deputy Prime Minister and the Department of Co-operation and Reforms under the Office of Deputy Prime Minister.⁴² However, the remaining functions, such as co-ordination of EI policy planning, reporting on EI policy implementation and co-ordination of alignment of national legislation with the EU *acquis*, lack institutional assignment. A new European Integration Department was established in the Ministry of Foreign Affairs⁴³, but its mandate and division of responsibilities with the Office of the Deputy Prime Minister remain undefined. It is therefore important to clarify and streamline institutional responsibilities to ensure effective and coherent co-ordination of EI-related matters.

Interinstitutional co-ordination of EI is formally established at the political level, through the Inter-Agency Commission chaired by the Deputy Prime Minister.⁴⁴ Its members include parliamentary committee chairs,

³⁵ Press clippings are prepared, but the Public Relations and Information Centre confirmed that “no broader or comprehensive impact reports on overall government communication are prepared.”

³⁶ Law on Protection of the Population in Emergency Situations, adopted on 2 December 1998.

³⁷ Law on the Rescue Service, adopted on 8 July 2005.

³⁸ Law on Disaster Risk Management and Protection of Population, No LA-89-N of 18 April 2025.

³⁹ However, even with the new law, it remains unresolved who is responsible for ensuring the continuity of government decision-making during crises.

⁴⁰ Law on Disaster Risk Management and Population Protection, Article 15.

⁴¹ *Idem*, Article 40.

⁴² Decision of the Prime Minister No. 568-L of 25 May 2018 on Approval of the Regulations of the Office of Deputy Prime Minister Mher Grigoryan, Article 20. Order of the Chief of Staff of the Prime Minister’s Office No. 609-L of 2022 on approval of the Rulebook of the Department of Co-operation and Reforms, point 9 of the annex.

⁴³ Decision of the Prime Minister No. 884-L of 4 October 2025 on Amendments and Supplements to the Decision of the Prime Minister No. 746-L of 11 June 2018 on the Statute of the Ministry of Foreign Affairs of the Republic of Armenia.

⁴⁴ Decision of the Prime Minister No. 906-A of 2 July 2018 on the Establishment of the Inter-Agency Commission, Articles 2-3.

deputy ministers and agency heads. The Commission met several times in 2024 and 2025 to discuss CEPA implementation.

There is no regular review and reporting of the CEPA roadmap.⁴⁵ Since its adoption in 2019, the CEPA roadmap has been revised once, in 2021.⁴⁶ In October 2024, a working group composed of representatives from various ministries and agencies was established to prepare the next CEPA roadmap which is in final stages of completion.⁴⁷ Although the CEPA roadmap has been in place since 2019, no implementation reports were prepared in prior years. The preparation of the first CEPA roadmap report is in progress.

Due to lack of data, it was not possible to assess the consistency of carrying out compliance checks of draft laws which aimed to transpose EU legislation in line with gradual and dynamic approximation defined through CEPA Annexes. Although guidelines on transposing EU legislation and translating the *acquis* have been prepared, they have not been formally endorsed or widely disseminated. As a result, institutions are generally unaware of their existence.

⁴⁵ Roadmap for the Implementation of the Comprehensive and Enhanced Partnership Agreement between the Republic of Armenia and the European Union and the European Atomic Energy Community and their Member States, adopted with the Decision of the Prime Minister No. 666-L of 1 June 2019.

⁴⁶ Decision of the Prime Minister No. 587-L of 31 May 2021 on Amendments and Supplementations to Decision of the Prime Minister No. 666-L of 1 June 2019.

⁴⁷ Decision of the Deputy Prime Minister No. 743-A of 25 October 2024 on the Establishment of a Working Group Under the Inter-Agency Commission Co-ordinating Measures on the Implementation of the Comprehensive and Enhanced Partnership Agreement (CEPA) and Approving its Individual Composition.

Principle 3: The government plans and monitors public policies in an effective and inclusive manner, in line with the government fiscal space.

The procedures and requirements for planning documents have been revised twice since the last assessment. However, the quality and alignment of planning documents remain weak. The implementation of government commitments is relatively strong, but most of the draft laws are initiated and approved by the Government outside formal government plans. The reports on implementation of planning documents focus on activities, but do not explain progress towards objectives or outcomes. In addition, the EI plan is not regularly updated, and no annual reports are produced on the EI process.

Indicator 3. Quality of policy planning and reporting	2025 indicator value	34/100
Sub-indicators		Points
1. Adequacy of the legislative and institutional framework for policy planning and reporting		6/7
2. Availability of guidance to line ministries during the policy planning and reporting process		4.3/7
3. Alignment between central policy planning documents		0/10
4. Quality and transparency of policy planning documents		9.5/21
5. Financial sustainability of policy planning documents		2/7
6. Implementation of government commitments		5.1/15
7. Quality and transparency of policy reporting and monitoring		5/17
8. Quality and transparency of European integration (EI) policy planning		2/6
9. Implementation of European integration (EI) commitments		0/6 ⁱ
10. Quality and transparency of EI monitoring and reporting		0/4 ⁱ

ⁱ Data not available or not provided.

The policy planning system in Armenia has undergone several significant changes since the baseline measurement. Following the latest amendment in September 2025⁴⁸, the RoP of the Government became the primary document defining the requirements and procedures for policy planning.⁴⁹ The RoP define the hierarchy and core requirements of strategic planning documents, categorising them into three primary groups: strategies; strategic programmes; and action plans of institutions.⁵⁰ It outlines the scope, timeframe, approval process, accountability and co-ordination mechanisms for each type of document. The new regulatory framework stipulates that only six high-level strategies for a duration of seven years or

⁴⁸ Decision of the Government No. 1342-L of 18 September 2025.

⁴⁹ Methodological Instruction on Development of Strategic Documents Having an Impact on State Revenues and Expenditures, Presentation and Control Implementation (Methodological Instruction on Strategic Documents), adopted with the Order of the Prime Minister No. 1508-L, will be applicable for planning documents adopted before 18 September 2025.

⁵⁰ RoP of the Government, Article 152.

more are to be adopted.⁵¹ Furthermore, the RoP clarify the interlinkages between strategic planning documents and other central planning instruments, namely the Government Programme, GAP, the MTEF, and the EI plan.⁵²

Furthermore, the RoP of the Government stipulate that the main instrument to operationalise the implementation of the Government Programme is a five-year GAP which is developed within three months of parliamentary approval of the Government Programme and renewed annually.⁵³ Meanwhile, the budgetary legislation,⁵⁴ the annual Methodological Instruction on the MTEF and Budget,⁵⁵ and the RoP of the Government⁵⁶ require that the MTEF and sectoral planning documents reflect the Government's priorities and its political programme and require the MTEF to take into account adopted strategic documents.

The PED of the OPM together with the MoF remain responsible for co-ordinating government-level policy planning. The PED leads the preparation and compilation of the GAP⁵⁷, while the MoF oversees the preparation of the MTEF and annual budget. However, the quality of policy information within these planning documents remains insufficient. While both the GAP and the MTEF articulate policy objectives, neither of them consistently define measurable outcomes and indicators. Compared to the previous assessment, no visible improvements have been made, as only 7% of objectives (14 out of 192) in the MTEF for 2025-2027 include outcome-level indicators. For the GAP, the share is only slightly higher at 11% (51 out of 469 objectives). Both documents contain an excessive number of objectives, making realistic implementation challenging.

The alignment between central planning documents is weak. Of the 85 objectives in the GAP 2021-2026 with deadlines in 2025, only 15 (18%) align with the priorities identified in the MTEF for 2025-2027. Moreover, none of the 19 draft laws proposed in the sample strategies for adoption in 2025 were included in the GAP for 2025. Among the 127 draft laws approved by the Government in 2024, only 22 (17%) had originated from the GAP.⁵⁸ The fact that 83% of adopted laws were developed and approved outside any formal plan undermines the relevance of the GAP as a guiding document and weakens overall policy co-ordination.

⁵¹ *Idem*, Article 159. These six areas are: 1) Security and foreign policy; 2) Human capital and well-being; 3) Economic transformation and sustainable development; 4) Territorial and infrastructure development; 5) Justice sector reforms; 6) Public administration reforms.

⁵² *Idem*, Articles 156-160.

⁵³ *Idem*, Articles 4-11.

⁵⁴ Law on the Budget System of 24 June 1997, Article 21.

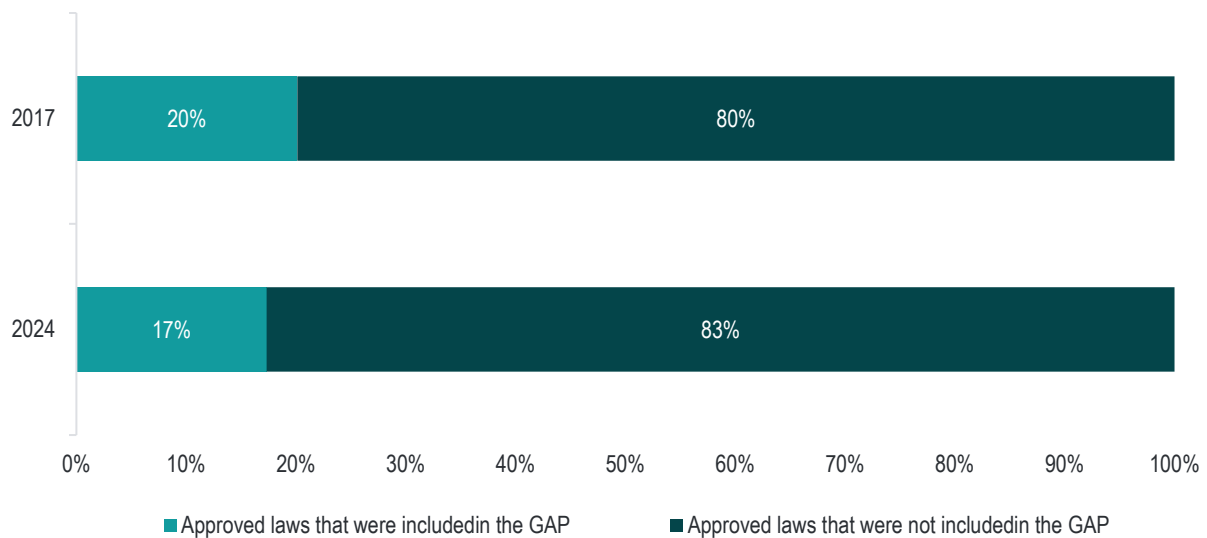
⁵⁵ Methodological Instructions for Preparation and Submission of Budget Applications of State Bodies Within the Framework of Development of 2026-2028 State Medium-Term Expenditure Framework and the 2026 State Budget Draft of the Republic of Armenia, issued in January 2025 by the MoF.

⁵⁶ RoP of the Government, Article 157.

⁵⁷ *Idem*, Article 18.

⁵⁸ In 2017, this share was similarly low, at 20%: "In 2017, the Government submitted 159 legislative proposals to the Assembly, of which only 32 originated in the 2017 GAP.", OECD (2019), *Baseline Measurement Report, Armenia*, SIGMA Monitoring Reports, OECD Publishing, Paris, p. 32, <https://doi.org/10.1787/6061bc9f-en>.

Figure 16. Share of laws approved by the Government originally included in the GAP



Source: SIGMA analysis based on official data for laws planned and laws approved by the Government in 2017 and 2024.

The quality of sectoral strategies remains a challenge. Of the five reviewed strategies,⁵⁹ all were found to adequately identify policy objectives, but only three included a sufficiently comprehensive situational analysis with identification of core problems.⁶⁰ Similarly, only three contained outcome-level indicators for all objectives,⁶¹ and only four included target values for those indicators. In one case, the monitoring, reporting and evaluation framework was also missing.⁶²

Action plans, which are essential to operationalise strategic documents, are frequently delayed. For example, the Strategy for Improvement of Demographic Situation 2024-2040, adopted in October 2024, still lacked an action plan as of the end of May 2025. The same applies to the Employment Strategy 2025-2031, adopted in December 2024. Since action plans are necessary to estimate the financial implications of strategies, the adoption of both occurred without clarity on their expected costs or financial feasibility. In general, sectoral strategies rarely include clearly defined funding sources. Several indicate generic sources such as “means not prohibited by law”, making it impossible to estimate the projected financial impact of the measures. Robust costing remains a general challenge, largely due to the absence of methodological guidelines and official guidance, as well as the lack of a standardised template.

The existing quality control of strategic documents has practical gaps. The PED is mandated to assess the quality of strategies,⁶³ and according to the information received, it reviewed all three sectoral strategies

⁵⁹ The following strategies were analysed: 1) Strategy for Implementation of Police Reforms 2024-2026; 2) Anti-Corruption Strategy 2023-2026; 3) Health System Development Strategy 2023-2026; 4) Strategy for Improvement of Demographic Situation 2024-2040; and 5) Employment Strategy 2025-2031.

⁶⁰ Due to insufficient analysis of problems, the following strategies do not meet the criteria: 1) Health System Development Strategy 2023-2026; and 2) Strategy for Implementation of Police Reforms 2024-2026.

⁶¹ Strategies which do not have outcome-level indicators set for all their objectives are: 1) Health System Development Strategy 2023-2026; and 2) Strategy for Implementation of Police Reforms 2024-2026.

⁶² Health System Development Strategy 2023-2026.

⁶³ Statute of the OPM, Article 46/1. RoP of the Government, Article 205.

adopted in 2024. However, the sample review revealed that one of these strategies did not have a formal written opinion of the PED.⁶⁴

On a more positive note, the implementation of the Government's plans is relatively strong. According to the GAP summary annual information,⁶⁵ 81% of the activities planned for 2024 (496 out of 613) were fully implemented. The remaining 19% were either partially implemented or not implemented. In terms of legislative output, 56% of draft laws planned for 2024 (14 out of 25) were adopted as scheduled, while 44% (11 out of 25) were carried over to the GAP for 2025. The situation has deteriorated compared to the previous assessment (baseline), when only 2 of the 61 laws initially planned for adoption were carried over to the next GAP. Also, none of the strategies planned for 2024 were adopted in time.

The quality of reporting on planning documents has not improved since the last assessment. In fact, annual reporting on the GAP has deteriorated. Under the RoP of the Government from 2021, consolidated annual reports on GAP implementation are no longer prepared. Instead, the OPM prepares only a brief statistical summary based on annual reports submitted by ministries, indicating the number of activities that were implemented, not implemented or partially implemented.⁶⁶ These summaries do not include progress toward objectives or indicators, nor do they discuss challenges or suggest corrective measures. This reporting gap stems from the absence of a legal requirement to prepare and publish a comprehensive annual report from the OPM. As a result, anyone seeking a complete picture of implementation must review 16 separate ministerial reports – an approach that is not user-friendly. While these ministerial reports generally cover activity implementation, there is no standardised practice for reporting on outcome achievement. Some reports include this, while others do not, making it impossible to gain a comprehensive picture of government-wide results.

The quality of reports on sectoral strategies is rudimentary. Of the five reviewed reports,⁶⁷ only three systematically tracked activity implementation,⁶⁸ and only one provided complete information on outcome progress.⁶⁹ Others lacked outcome reporting altogether or failed to cover all outcomes.⁷⁰ None of the reports offered recommendations for more effective implementation or included data on actual budget spending. Apart from frequency, deadlines and co-ordination mechanisms,⁷¹ the reporting requirements and guidelines are not sufficiently defined, which was confirmed by the OPM.⁷² Despite these shortcomings, a significant share of civil servants believe that support is available for planning and reporting.

⁶⁴ Based on the review of documents submitted to SIGMA and published on the government website, the Employment Strategy 2025-2031 did not have a formal opinion from the PED of the OPM. The comments were provided in meetings.

⁶⁵ Prepared by the PED in line with Article 11 of the RoP of the Government.

⁶⁶ RoP of the Government, Articles 10-11.

⁶⁷ The following five reports were reviewed: 1) Report on the Health System Development Strategy 2023-2026; 2) Report on the Mining Sector Development Strategy; 3) Report on the Strategy for Judicial and Legal Reforms 2022-2026; 4) Report on the National Strategy for the Protection of Human Rights 2023-2025; and 5) Report on the State Programme for the Development of Education until 2030.

⁶⁸ The reports on healthcare and education strategies do not provide clear enough reporting information to understand what activities were planned, if any, and what was implemented.

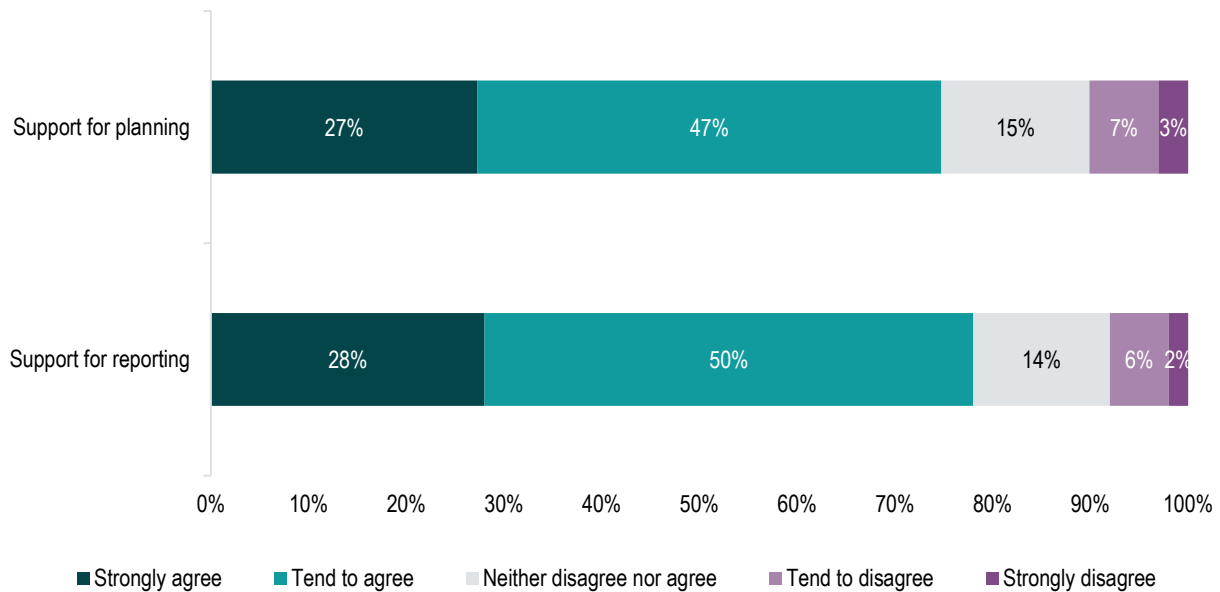
⁶⁹ Report on the Strategy for Judicial and Legal Reforms 2022-2026.

⁷⁰ The report on the Healthcare strategy does not provide any information on outcomes, while the reports on Mining, Human Rights and the Education strategy do not report on all planned outcomes.

⁷¹ RoP of the Government, Articles 179 – 187.

⁷² RoP of the Government foresee the development of methodological guidelines.

Figure 17. Public servants' perceptions of availability of support for planning and reporting (%)



Note: Percentage of valid responses to the questions: "To what extent do you agree or disagree with the following statements?": 1) "Guidance, advice and support are available for preparing strategies, programmes and plans"; and 2) "Guidance, advice and support are available for preparing reports".

Source: SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

Reporting on the implementation of EI commitments needs improvement. Although implementing institutions are required to submit quarterly updates to the Inter-Agency Commission,⁷³ there is no provision for the preparation of joint periodic reports. As a result, no such report has been prepared to date.⁷⁴ Consequently, neither the Government nor the public has a comprehensive overview of the current state of EI efforts.

The publication of government planning documents is formally ensured. The GAP, including all its revisions, as well as all sector strategies are publicly available in the online register of legal acts. The summary report on GAP implementation is not published, although the annual ministerial reports are available online. The MoF website continues to publish regular reports on budget implementation.⁷⁵ Of the 21 sectoral strategies required to produce annual reports in 2024, 20 reports were prepared and published.⁷⁶

⁷³ Decision of the Prime Minister No. 666-L of 1 June 2019, Article 3.

⁷⁴ The first CEPA roadmap implementation report was in process of preparation during the assessment.

⁷⁵ Available at: https://minfin.am/hy/page/hashvetvutyunner_byuje_e_kataroghakan/.

⁷⁶ Strategy for the Development of Small and Medium-Sized Enterprises did not have a report prepared.

Principle 4: Public policies are developed based on evidence and analysis, following clear and consistent rules for law making; laws and regulations are easily accessible.

RIA is formally required, but consistency and quality remain weak. A large number of laws do not undergo RIA. Moreover, available analysis in RIAs accompanying draft laws is of inadequate quality. Although a central RIA oversight function was established in the OPM in 2021, it lacks sufficient mandate and coverage. Ministries do not have clear internal rules to ensure consistent and consultative policymaking practices. The stability of new laws is moderate, with some laws revised several times within the same year. Transparency and access to legislation are exemplary, as all legislation is published in consolidated form and is easily accessible to the public.

Indicator 4. Use of evidence and impact assessment during policy making, and quality and accessibility of laws	2025 indicator value	48/100
Sub-indicators	Points	
1. Strength of the national policy framework for better regulation	2/3	
2. Effectiveness of internal co-ordination and procedures for evidence-based policymaking in ministries	2.8/5	
3. Comprehensiveness of the regulatory impact assessment (RIA) system, and consistency and quality of implementation	9/33	
4. Effectiveness of regulatory oversight, central guidance and support for RIA	6.6/9	
5. Predictability, coherence and consistency of legislation	6.7/17	
6. Accessibility and availability of laws	15.6/17	
7. Effectiveness of the regulatory framework and special procedures and tools for evidence-based EU law transposition	5/16 ⁱ	

ⁱ Data not available or not provided for all criteria.

Although the PAR Strategy emphasises the importance of evidence-based policymaking and participatory governance,⁷⁷ there is no whole-of-government policy in this area. Nor is there a dedicated government institution assigned to lead the Government's better regulation agenda.⁷⁸

At the ministerial level, there are no clearly established internal rules that govern when and how policy preparation takes place. The existing regulatory framework covers only procedures involving external stakeholders (e.g. other ministries, the OPM and non-state actors). Nevertheless, 82% of public servants agree that the quality of internal ministerial co-ordination during policymaking is satisfactory.⁷⁹

⁷⁷ PAR Strategy, Strategic Pillar 1 (Strategic planning and policy development) and Strategic Pillar 5 (Participatory governance and strategic communication), where objectives in the areas of evidence-based policymaking and participatory management are elaborated.

⁷⁸ The existing framework (e.g. the Law on Government, the Statute of the OPM) does not refer to better regulation or regulatory policy. During the fact-finding interviews, the institutions confirmed that such a mandate has not been assigned.

⁷⁹ In the SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025, 47.8% answered "tend to agree" and 33.7% answered "strongly agree" to the statement: "Colleagues from other units of my ministry involve and consult me during the development of legal acts and strategies, which affect my area of responsibility."

The RoP of the Government stipulate that only government members can formally submit draft decisions for adoption.⁸⁰ In practice, draft legislation is occasionally prepared and submitted by heads of agencies subordinated to the Government in areas that are typically within the ministerial policy responsibilities.⁸¹

Basic analysis of the impacts of draft laws and regulations are required by the RoP of the Government and are consistently provided in the explanatory memorandum.⁸² This document must include an analysis of the policy problem, the rationale for government intervention and the objectives pursued. The administration reported that memoranda were prepared for all laws adopted in 2024, and a review of five sample cases⁸³ confirmed their consistent preparation. However, the situation is less robust regarding financial impact assessments. Although such assessments are also formally required⁸⁴ and reportedly prepared for all draft laws, the sample review showed some deficiencies. Financial assessments of draft legislation often lack the necessary detail to support informed decision-making. In several instances, assessments are either omitted entirely⁸⁵ or limited to aggregate figures without accompanying justification or calculations, as noted by the MoF in its opinions.

Since the last assessment, institutional changes in the RIA system introduced a previously absent central quality oversight mandate within the OPM and reinforced the responsibilities of line ministries in the RIA process. The current RIA system requires that short impact assessments be conducted by the proposing ministry and in-depth assessments be conducted by six sectorial ministries. The RIA Department established within the OPM in 2019 is responsible for quality review of RIAs and co-ordinates the planning of RIAs. However, significant challenges persist as regards the consistency and quality of RIA.

Although RIA is formally required, it applies only to draft regulations with "significant impacts on the business environment or the conditions of activities of individuals".⁸⁶ In 2024, RIA was not conducted for draft laws with significant impact, the list of which (around 30 laws) was prepared at the end of 2023 by the RIA Department, based on proposals from line ministries. As a result, only 4% of draft laws approved in 2024 (5 out of 125) were accompanied by an RIA report, and all were so-called short RIAs.

The quality of completed RIAs remains low. Although RIA reports contain situational analysis and objectives, they lack a thorough problem definition and provide little justification for government intervention. Evidence, data and statistics are largely absent. One contributing factor is the design of the official RIA template, which fragments the problem description across multiple sections (problem definition, causes, consequences, magnitude, stakeholders, urgency and trends), thereby hindering a coherent analysis.

⁸⁰ ROP of the Government, Articles 13-14.

⁸¹ For example, State Revenue Committee, Urban Planning Committee.

⁸² Law on Regulatory Legal Acts, Article 6.

⁸³ The following five draft laws and their supporting documents (including RIA reports) were reviewed: 1) Draft Law on Amendments and Supplements to the Tax Code; 2) Draft Law on Amendments and Supplements to the Law on Funded Pensions; 3) Draft Law on Amendments and Supplements to the Law on Investment Funds; 4) Draft Law on Social Assistance; and 5) Draft Law on Amendments and Supplements to the Labor Code.

⁸⁴ RoP of the Government, Article 20.

⁸⁵ For example, for the Draft Law on Social Assistance and the Draft Law on Amendments and Supplements to the Labour Code.

⁸⁶ Decision of the Government No. 2075-N of 17 December 2020 on Determining the Procedure, Timelines and Cases for Implementing the Regulatory Impact Assessment, the Requirements for the Resulting Conclusion and on Recognising a Number of Decisions of the Government of the Republic of Armenia as Void (Decision on RIA), Appendix on procedure, timelines and cases for implementing regulatory impact assessment, requirements for the resulting conclusion, Article 2.

In practice, identification and comparison of policy options are almost non-existent. Although the RIA framework requires consideration of alternatives, all sample RIAs presented only the status quo and the chosen policy solution. This occurred even in cases where such analysis would have been highly relevant (e.g. in legislation concerning social assistance or shadow employment). Qualitative analysis of impacts is rudimentary, while quantification and monetisation of costs and benefits are absent.⁸⁷ There is no requirement to provide or practice of providing clear monitoring and evaluation mechanisms.

Progress in improving RIA quality is further constrained by weak oversight. The RIA Department of the OPM is responsible for reviewing all RIA reports.⁸⁸ However, current regulations do not grant this department sufficient authority or mandate. The RIA Department does not automatically receive all draft regulations or all RIA reports, as it depends on whether the responsible policy department within the OPM decides to share them. For example, in 2024, the RIA Department did not receive one of five RIAs for review.⁸⁹ Furthermore, a positive opinion from the RIA Department is not required for the draft to be submitted for government consideration. The department is not required to issue an opinion when no objections are raised. Hence, there were two cases in 2024 when a draft law and RIA report did not have formal assessment and an opinion from the RIA Department, despite shortcomings.⁹⁰ Oversight is, therefore, not only weakly regulated, but also inconsistently applied in practice.

Legal drafting is regulated by nemo-technical rules adopted by the Parliament.⁹¹ Quality control responsibilities are shared between the Legal Acts Expertise Agency of the MoJ and, once a draft is submitted to Government for approval, the Legal Department of the OPM. While the authorities reported that all draft laws approved in 2024 underwent legal quality review, and that in 2024 the Legal Acts Expertise Agency provided around 5 000 official opinions,⁹² the review of samples confirmed that a state legal expert opinion was missing for one draft law.⁹³

Overall, civil servants are satisfied with guidance and support provided by central institutions in policy analysis and legal drafting. Practical guidance materials are available to assist implementation of RIA.⁹⁴ Furthermore, 75% of public servants report satisfaction with the quality and availability of central guidance and support for RIA, and 78% feel they have sufficient guidance and support when drafting legal acts.⁹⁵

⁸⁷ The RIA report for the draft Law on Amendments and Supplements to the Law on Funded Pensions contained quantitative assessment. In the other four cases, the impacts were identified, but they were not elaborated on or substantiated.

⁸⁸ Decision on RIA, Articles 14-21, in connection with the Statute of the OPM, Article 53.

⁸⁹ Draft Law on Amendments and Supplements to the Tax Code.

⁹⁰ These were: 1) Draft Law on Amendments and Supplements to the Law on Investment Funds; and 2) Draft Law on Amendments and Supplements to the Labour Code.

⁹¹ Law on Regulatory Legal Acts, Chapters 4 and 5. Chapter 4 provides rules for legislative technique, and Chapter 5 provides rules for entry into force, publication and storage.

⁹² This number of 5 000 covers all opinions, including repeated opinions on draft laws and regulations and opinions on draft normative acts of Ministers.

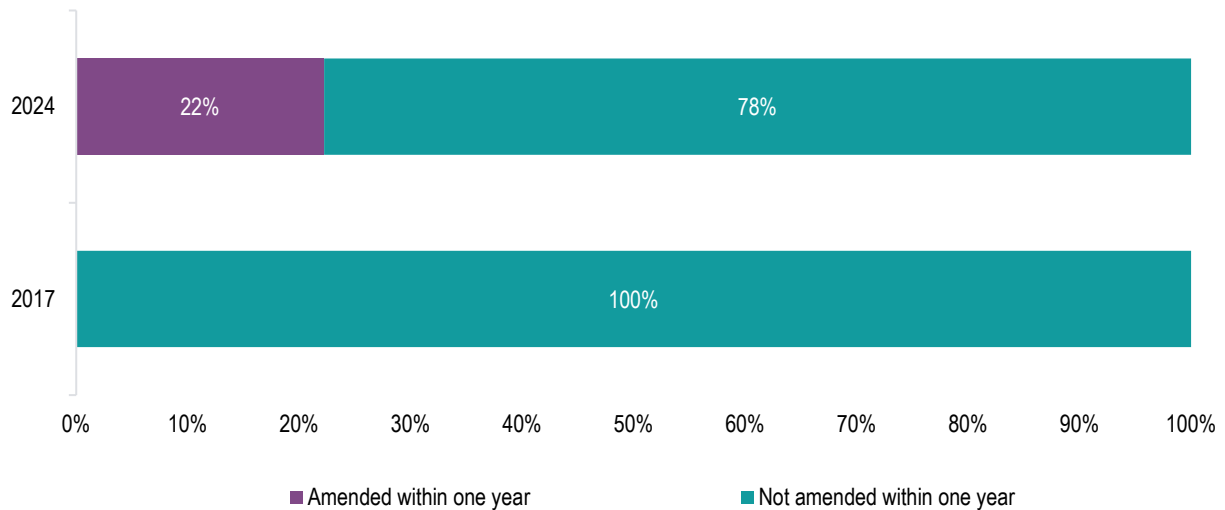
⁹³ The draft Law on Amendments and Supplements to the Tax Code.

⁹⁴ Two practical handbooks support the RIA process: 1) Methodological Guidelines for RIA; and 2) Sectoral methodological guidelines for assessing impacts on the economic, including the business environment and competition, social, health, environmental and public finances within the framework of regulatory impact assessment. In addition, the Government Decision on RIA provides standardised templates for both simplified (short-form) and comprehensive RIA.

⁹⁵ SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

The stability of legislation is low, as the share of newly adopted laws amended within a year is 22%. In 2023, nine new laws were adopted, of which two were amended within 12 months.⁹⁶ Some laws are subject to excessive revisions. For example, the Law on Medical Assistance and Services to the Population was amended five times in 2024 alone.

Figure 18. Share of new laws amended within one year of adoption



Source: SIGMA analysis based on official data for laws adopted in 2016 and 2023.

The current legal framework⁹⁷ for publishing legislation is exemplary. The requirements for publication that took full effect on 1 July 2019 require mandatory consolidation of laws and their publication in the online legal registry.⁹⁸ The regulation establishes clear timelines and ensures that all primary and secondary legislation is accessible to the public free of charge and in consolidated form. The online legal registry allows for user-friendly search by type, sector, date of adoption, date of entering into force, adopting authority etc.

The regulatory framework for evidence-based transposition of EU law remains underdeveloped. EI -related draft laws are subject to the same requirements for impact assessment and consultations as domestic legislation. However, key procedural elements are missing. The use of ToCs is not required, nor is a dedicated government institution designated to co-ordinate planning and monitoring of alignment with the EU *acquis*. The Legal Acts Expertise Agency of the MoJ is responsible for verifying compliance with EU law,⁹⁹ but SIGMA was unable to assess the effectiveness of this function due to the lack of data on EI-related laws.

⁹⁶ By comparison, none of the laws adopted in 2016 were amended within one year of their adoption.

⁹⁷ Law on Regulatory Legal Acts and Order of the Minister of Justice on Submitting Normative Legal Acts for Publication, Publishing Them on a Single Website, Making Corrections in Them and Establishing the Procedures for Official Incorporation of 7 May 2018.

⁹⁸ Armenian Legal Information System: <https://www.arlis.am/>.

⁹⁹ Law on Regulatory Legal Acts, Article 6.

Although guidance for planning and implementing EU law transposition exists, these handbooks and methodologies¹⁰⁰ are neither formally approved by competent authorities nor widely disseminated across government bodies. Consequently, awareness of their existence is limited. Furthermore, timely access to official translations of EU directives remains an issue. According to the CEPA roadmap, 21 EU directives and related regulations are scheduled for transposition in 2025. By May 2025, 14 have been translated into Armenian, while 7 (including 5 directives, 1 Commission decision and 1 regulation) had not been translated.

Principle 5: All key external and internal stakeholders and the general public are actively consulted during policy development.

Mandatory public consultation is required for laws and regulations, except for strategies, and is effectively conducted. However, the institution responsible for overseeing compliance with the rules on public consultation has not been assigned. Interministerial consultations are well regulated and applied consistently in practice for legislation and strategic documents.

Indicator 5. Functioning of consultations during policy development		2025 indicator value	71/100
Sub-indicators		Points	
1. Effectiveness of procedures for public consultation and stakeholder engagement during policy development		27.3/35	
2. Quality and effectiveness of public consultation practices in selected cases		13.7/25	
3. Procedures for an effective interministerial consultation process		10/15	
4. Quality and effectiveness of interministerial consultation practices in selected cases		20/25	

The relevant legislation mandates public consultations for all draft laws,¹⁰¹ secondary legislation adopted by the Government and ministries,¹⁰² but not for strategies.¹⁰³ The minimum period for written consultations is 15 days. This requirement is effectively enforced in practice, as the online consultation portal¹⁰⁴ is technically configured to prevent shorter time frames. The legislation also requires the lead ministry to submit a written report on the outcomes of the public consultation to both the Government and the public. An amended version of the legislative or strategic document, reflecting the results of the consultation process, must also be published on the consultation portal.

¹⁰⁰ Guidance is available with the following documents: 1) CEPA Legal Approximation Handbook (A practical guide for law and policy makers); 2) Methodology for MoJ as Central Co-ordinator of the EU approximation process; 3) Step by Step Instructions for the EU Approximation Process; 4) Approximation Tool: Legislative Gap Analysis; and 5) Approximation Tools: Tables of Correspondence, all prepared with the support of TA projects.

¹⁰¹ Law on Regulatory Legal Acts, Article 3.

¹⁰² Decision of the Government No. 1146-N of 10 October 2018 on Establishing the Procedure for Organising and Conducting Public Discussions (Decision on Consultation), Article 3.

¹⁰³ While Methodological Instruction on Strategic Documents, adopted with the Order of the Prime Minister No. 1508-L (Article 13), no longer applies to new strategies, the revised RoP of the Government have not introduced a new provision, thereby creating a gap.

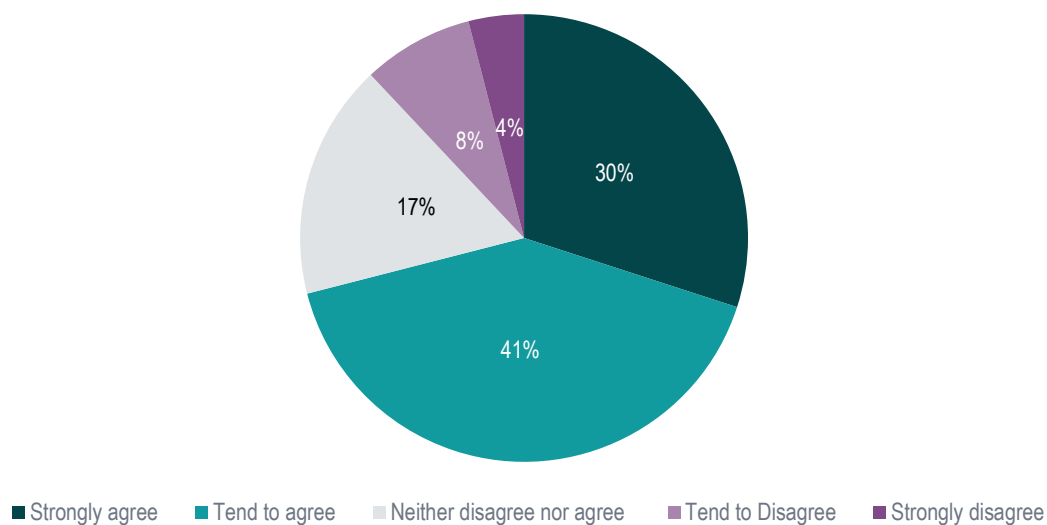
¹⁰⁴ Unified Website for Publishing Draft Legal Acts: www.e-draft.am.

The legal framework does not require that all relevant supporting materials, such as RIA reports or other analytical documents, be published alongside draft legislation. Their publication is left entirely to the discretion of the institution conducting the consultation.¹⁰⁵

No institution is tasked with systematically reviewing compliance with consultation requirements. As part of its procedural review of materials submitted for government consideration, the OPM merely checks whether two formal documents – a consultation note and a report – are attached. The substantive quality or completeness of these materials is not reviewed.

Despite these shortcomings, 71% of public servants report satisfaction with the available support, advice and guidance on the consultation process.

Figure 19. Public servants' perceptions of central guidance and support for public consultations



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?": "Guidance, advice and support are available for conducting public consultations".

Source: SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

While ministries largely comply with formal requirements, early engagement of stakeholders during problem analysis and the identification of policy alternatives remains rare. Non-state actors report that consultations are often held only at the final stage of the process, once the draft texts have already been prepared. Public consultation is mostly carried out through the e-consultation online platform, with limited use of other tools of engagement (such as meetings, roundtables or co-operation), as confirmed by analysis of sample laws and strategies.¹⁰⁶ There is also still no practice of issuing advance notice of

¹⁰⁵ Decision on Consultation, Article 12: "In order to conduct public discussions in accordance with the procedure established by paragraph 10 of these Rules, the body conducting the public discussion shall publish on its official website and on the unified website the draft normative legal act, the justification for the adoption of the legal act, as well as other materials at the discretion of the body conducting the public discussion and shall place the relevant link to the unified website on its official website or ensure the automated connection of the website to the unified website."

¹⁰⁶ The following five draft laws and five strategies were reviewed under Principle 5: 1) Draft Law on Amendments and Supplements to the Tax Code; 2) Draft Law on Amendments and Supplements to the Law on Funded Pensions; 3) Draft Law on Amendments and Supplements to the Law on Investment Funds; 4) Draft Law on Social Assistance; 5) Draft Law on Amendments and Supplements to the Labour Code; 6) Strategy for Implementation of Police Reforms

upcoming consultations, which would allow stakeholders to allocate sufficient time to provide high-quality input. Furthermore, providing supporting analytical documentation alongside draft laws is neither required nor practiced, although such information, if available in good quality, could enhance stakeholders' understanding of the problem and lead to more constructive feedback.

The legally required 15-day minimum consultation period is consistently respected (in all ten reviewed samples), largely thanks to the technical constraints of the online platform. Ministries also regularly prepare formal responses to submitted comments, which are published both on the consultation portal and on the Government website.¹⁰⁷ However, evidence was not sufficient to confirm that relevant analysis (e.g. an RIA report) is provided for interministerial consultation along with the draft laws.

Table 3. Minimum duration of public and interministerial consultation in Armenia and the Western Balkans

Type of consultation	Armenia	Albania	Kosovo	Montenegro	North Macedonia	Serbia
Public consultation for regular/ complex legal acts	15 calendar days/ NA	20 working days/ 40 working days	15 working days/ NA	20 calendar days/ 40 calendar days	20 calendar days/ NA	15 calendar days/ NA
Interministerial consultation for regular/ complex legal acts	7 calendar days/ 10 calendar days	7 working days/ 10 working days	15 working days/ NA	14 calendar days/ NA	7 calendar days/ NA	10 working days/ 20 working days

Source: SIGMA analysis based on legislation regulating consultations.

Compliance with public consultation requirements is high. Nearly all draft laws (99%) and all strategies adopted by the Government in 2024 were subject to public review and consultation through the e-consultation platform.¹⁰⁸

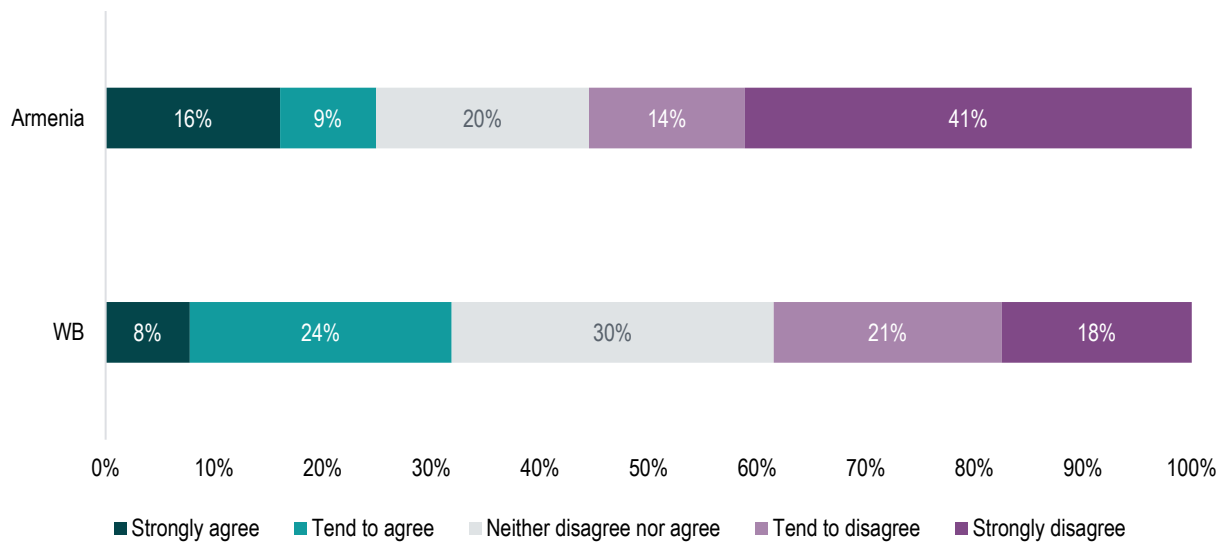
Only 25% of surveyed citizens agree that the government consults and involves stakeholders from the private sector and civil society when developing new legislation or other policy documents, which is below the average rate of Western Balkan administrations in 2024 (32%).

2024-2026; 7) Anti-Corruption Strategy 2023-2026; 8) Health System Development Strategy 2023-2026; 9) Strategy for Improvement of Demographic Situation 2024-2040; and 10) Employment Strategy 2025-2031.

¹⁰⁷ While reports published on the government website are commonly complete and in line with legal requirements (addressing accepted, partially accepted and rejected comments), the versions available on the consultation portal – where the public usually searches first – often lack government feedback. Of the ten reports reviewed, five were published incomplete, while the versions on the government website were comprehensive

¹⁰⁸ Ratification laws as well as the state budget law and the MTEF law were excluded from the calculation in accordance with SIGMA methodology.

Figure 20. Citizens' perceptions of government consultation practices



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statement?”: “The government consults and involves stakeholders from the private sector and civil society when developing new legislation or other policy documents.”

Sources: SIGMA Survey of Citizens on public administration in Armenia 2025 and SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

The legislation also requires interministerial consultations with all relevant bodies for draft legislation and government-adopted strategies.¹⁰⁹ However, such consultations are still not required for ministerial-level secondary legislation. Since the last SIGMA assessment, the minimum deadline for interinstitutional responses has been amended from five *working* days to seven *calendar* days, which may, in certain instances, result in shorter actual available time.¹¹⁰ For documents exceeding ten pages, the deadline has been extended to ten calendar days. The explicit obligation to consult the MoF has been removed, and now it is only mandatory to consult the MoJ. A lack of response from an institution within the prescribed deadline continues to be interpreted as agreement. The MoJ remains the only institution required to issue a formal opinion on constitutional compliance and legal drafting quality.

Along with draft laws and regulations, ministries are required to submit a summary report on the interministerial consultations conducted, detailing all the comments received and explanations of how they were addressed. Any partially accepted or rejected proposals must be accompanied by a justification.¹¹¹

In practice, as noted in the 2019 baseline assessment, compliance with procedural rules is generally high. Consultations on draft laws and strategies are usually carried out within the prescribed duration and include consultations with relevant bodies.¹¹² Ministries also consistently prepare and submit to the Government an interministerial summary report presenting all comments received and explaining their resolution in a structured table.

¹⁰⁹ RoP of the Government, Articles 15-20.

¹¹⁰ In cases when consultation is organised during weeks that include public holidays.

¹¹¹ RoP of the Government, Article 20 paragraph 4.

¹¹² Nine of the ten samples included consultation with all relevant bodies. The MoJ did not provide an opinion for the Employment Strategy, as required by the RoP of the Government, Article 15.

However, it is unclear whether supporting documents, such as RIA reports, are included in draft law packages during interministerial consultations.¹¹³

The top administrative interministerial conflict-resolution mechanism ceased to exist in 2021, following the revision of the RoP of the Government, which removed reference to special meetings convened by the Prime Minister, the Deputy Prime Ministers and senior staff of the OPM. Since then, only political-level Ministerial Committees chaired by the Deputy Prime Ministers and composed of ministers serve as the formal forum for interministerial dialogue and conflict resolution. As a result, 61% of public servants reported that differences of opinion between different line ministries are mostly resolved at the political level.¹¹⁴ Pre-sessions organised for OPM staff are held regularly and precede Ministerial Committees and Government sessions, but they are attended exclusively by the staff of the OPM.

Principle 6: Public policies are effectively implemented and evaluated, enhancing policy outcomes and reducing regulatory costs and burdens.

Weaknesses are observed in the implementation of sectoral policy documents and how results are monitored and reported, especially regarding tracking progress toward policy objectives. A significant share of laws enter into force without the required secondary legislation, which poses serious risks to effective implementation. Limited efforts are being made to introduce policy evaluation. Initiatives to reduce administrative burdens are implemented, but mostly in the area of service digitalisation.

Indicator 6. Effectiveness of policy implementation, evaluation and simplification	2025 indicator value	37/100
Sub-indicators	Points	
1. Effectiveness of policy implementation	10.2/30 ⁱ	
2. Timeliness of adoption of mandatory by-laws	0/10	
3. Monitoring and evaluation of policy implementation	0/20	
4. Application of administrative simplification measures	16/20	
5. Preconditions for conducting inspections in a proportional manner	2/5	
6. Perceived availability of tools promoting regulatory compliance by businesses	2.6/5	
7. Application of international regulatory co-operation	6.6/10	

ⁱ Data not available or not provided for all criteria

Policy monitoring and implementation have significant deficiencies. Based on the information provided in strategy reports,¹¹⁵ 69% of their planned activities had been implemented. However, there are significant

¹¹³ Evidence that supporting documents were provided during interministerial consultation was found for two sample laws: 1) Draft Law on Amendments and Supplements to the Law on Funded Pensions; and 2) Draft Law on Amendments and Supplements to the Labour Code.

¹¹⁴ SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

¹¹⁵ The following five reports were reviewed: 1) Report on the Health System Development Strategy 2023-2026; 2) Report on the Mining Sector Development Strategy; 3) Report on the Strategy for Judicial and Legal Reforms 2022-

differences across sectors. For example, the Judicial Reform Strategy performed strongly, with 91% of planned activities completed in 2023, while the Education Development National Programme showed weaker results, with just a 37% implementation rate. The achievement of strategic objectives and outcome-level targets is, on the other hand, neither adequately nor consistently monitored. There are no clear guidelines for ministries on how to report on implementation of central and sector planning documents or how to track implementation of activities and objectives. The same pattern is evident in annual reports submitted by ministries, which, like their annual work plans, remain focused on outputs rather than outcome-level objectives and targets.

Furthermore, significant delays persist in the adoption of secondary legislation necessary for the implementation of laws. Of the 53 bylaws required under 9 new laws adopted in 2023, only 23 (43%) were enacted within the legally required timeframe before the new regulatory regime introduced by primary legislation entered into force.¹¹⁶ The legal deadlines for adopting secondary legislation usually range from 6 to 24 months following adoption of the law.

There is no functioning policy evaluation framework in place. Over the past few years, several institutions have been assigned evaluation-related tasks, but their roles remain fragmented. The PED of the OPM is responsible for providing methodological guidance and support for carrying out studies on implementation of strategic documents.¹¹⁷ In 2024, the MoF established the Programme Evaluation and Internal Audit Policy Department to co-ordinate and conduct evaluations of budgetary programmes.¹¹⁸ Furthermore, the RoP of the Government foresees that the Deputy Prime Minister will co-ordinate strategy evaluation work.¹¹⁹ In the absence of evaluation policy, requirements, criteria and guidance, there is no clarity on how policies are to be selected and evaluated or how responsible institutions are to co-ordinate and conduct evaluations. No institution has been designated to lead or co-ordinate the evaluation of legislation. As a result, evaluation of laws or strategies are not conducted.

Although the RIA Department of the OPM is formally assigned to co-ordinate administrative simplification efforts,¹²⁰ in practice the Information Systems Agency of Armenia is steering administrative simplification as part of the digital transformation of public services, including the creation of working groups with different ministries and agencies for adopting a life-events approach in service delivery. Analysis of administrative burdens during the development of new legislation is only partially in place. It is currently limited to the impact on businesses,¹²¹ with no obligation to assess burdens on citizens.

The Central Inspection Bureau in Armenia plays a co-ordinating and oversight role, and sectoral inspections are responsible for planning and executing inspections within their respective domains.

2026; 4) Report on the National Strategy for the Protection of Human Rights 2023-2025; and 5) Report on the State Program for the Development of Education until 2030.

¹¹⁶ At the time of the baseline assessment, the situation was worse: "... a sample of three laws that came into force at the end of 2017 and the beginning of 2018 showed that out of 27 mandatory bylaws provided by the legislation, the Government adopted only eight (29%) within the set time.", OECD (2019), *Baseline Measurement Report, Armenia*, SIGMA Monitoring Reports, OECD Publishing, Paris, <https://doi.org/10.1787/6061bc9f-en>, p. 47.

¹¹⁷ Statute of the OPM, Article 42.

¹¹⁸ Order of the Minister of Finance No. 375-L of 26 November 2024.

¹¹⁹ RoP of the Government, Article 204.

¹²⁰ Statute of the OPM, adopted by the Decision of the Prime Minister No. 564-L of 25 May 2018.

¹²¹ Sectoral methodological guidelines for assessing impacts on the economy, including the business environment and competition, social, health, environmental and public finances within the framework of regulatory impact assessment (Appendix to the Decision of the Government No. 2053-L of 23 November 2023) require the assessment of administrative burdens on businesses as part of the economic impact assessment (Chapter 1, Table 1). However, there is no corresponding requirement to assess administrative burdens on individuals or citizens.

Inspection authorities are not required to co-ordinate their activities to avoid duplication or reduce burdens on businesses, and there is no co-ordination of annual inspection plans before they are approved. This stems from a dominant institutional tradition that prioritises inspectorates' autonomy over co-ordinated oversight. There is no statutory limit on the cumulative number of inspections or inspection days across all inspectorates for businesses. Limits are established only for individual inspectorates – up to 15 days per inspection, extendable to 25 days.¹²²

The law requires a risk-based approach to inspection planning stipulating that 70% of entities inspected annually should be from the high-risk category and no more than 5% from the low-risk group.¹²³ A review of three annual inspection plans (Labour, Food and Environment) confirmed that such an approach is followed in practice.

There is no single point of contact for inspection-related guidance. Businesses lack a unified online portal, helpdesk or call centre to seek advice on inspections or their rights and compliance obligations. Nonetheless, legislation mandates inspectorates to publish inspection checklists, which are used during inspections and help inform stakeholders of expectations.¹²⁴ For example, the Health and Labour Inspectorate has published 48 such checklists on its official website.¹²⁵

Elements of international regulatory co-operation are applied, but not consistently. The review of sample draft laws shows that ministries in some cases refer to international and regional best practices.¹²⁶ In 2024, Armenia ratified six international agreements that provide opportunities for aligning regulations and standards with those of other jurisdictions, thus contributing to a less burdensome regulatory framework by eliminating duplicate requirements, introducing mutual recognition mechanisms and enhancing co-operation in enforcement.

¹²² Law on the Organisation and Conduct of Inspections, adopted on 17 May 2000, Article 4.

¹²³ *Idem*, Article 2.1.

¹²⁴ *Idem*, Article 3.

¹²⁵ Health and Labour Inspectorate, checklists: <https://www.hlib.am/checklists/>.

¹²⁶ Three draft laws made reference to international or EU practices: 1) Draft Law on Amendments and Supplements to the Law on Funded Pensions; 2) Draft Law on Amendments and Supplements to the Law on Investment Funds; and 3) Draft law on Amendments to the Law on Social Assistance.

Principle 7: The Parliament effectively scrutinises government policymaking and ensures overall policy and legislative coherence.

Government representatives regularly take part in the parliamentary discussions, but co-ordination of the legislative agenda between the Government and the Parliament is weak. The share of government-sponsored laws adopted through non-standard proceedings has dropped since the last assessment. Supporting documents for government-initiated laws are not shared with the Parliament, and consultation between the Parliament and Government on MP-sponsored laws is not consistently conducted. The work of the Parliament is commendably transparent.

Indicator 7. Effectiveness of parliamentary scrutiny of policymaking	2025 indicator value	36/100
Sub-indicators		Points
1. Regulatory framework for parliamentary scrutiny of policymaking		8/10
2. Government participation in parliamentary discussions		8/8
3. Openness and transparency of the legislative work of the parliament		9.1/14
4. Planning and co-ordination of legislative activities between government and parliament		0/12
5. Timeliness of parliamentary processing of draft laws submitted by the government		0/10 ⁱ
6. Completeness of supporting documentation for draft laws submitted to the parliament		0/10
7. Use of extraordinary or shortened proceedings for the adoption of government-sponsored draft laws		4.3/12
8. Quality of law making by members of parliament (MPs)		6.7/16
9. Parliamentary review and evaluation of the implementation of policies		0/8

ⁱ Data not available or not provided.

The right of the Parliament and its committees to debate, scrutinise, amend and oversee the implementation of government policies and programmes remains guaranteed by the Constitution and the RoP of the Parliament.¹²⁷

Government representatives regularly participate in committee and plenary sessions of the Parliament.¹²⁸ Although the RoP of the Parliament allow the Council of the Parliament to invite government representatives to meetings where legislative agendas are discussed,¹²⁹ such participation does not occur in practice. Nor are there any other formal meetings between government and parliamentary officials to co-ordinate legislative planning.

Legislative work planning in the Parliament is done with limited input from the Government. The Government is not obliged to formally share its legislative work plan (which is in the GAP) with the Parliament, and in practice it is not done. The plan, including its revisions, is available online through the legislative database.

¹²⁷ Constitutional Law on the Rules of Procedure of the National Assembly (RoP of the Parliament), adopted on 16 December 2016.

¹²⁸ There are no official statistics available on the participation of government representatives in committee meetings or plenary sessions. However, a review of transcripts from several meetings and plenary sessions confirmed that government representatives regularly attend and take part in discussions.

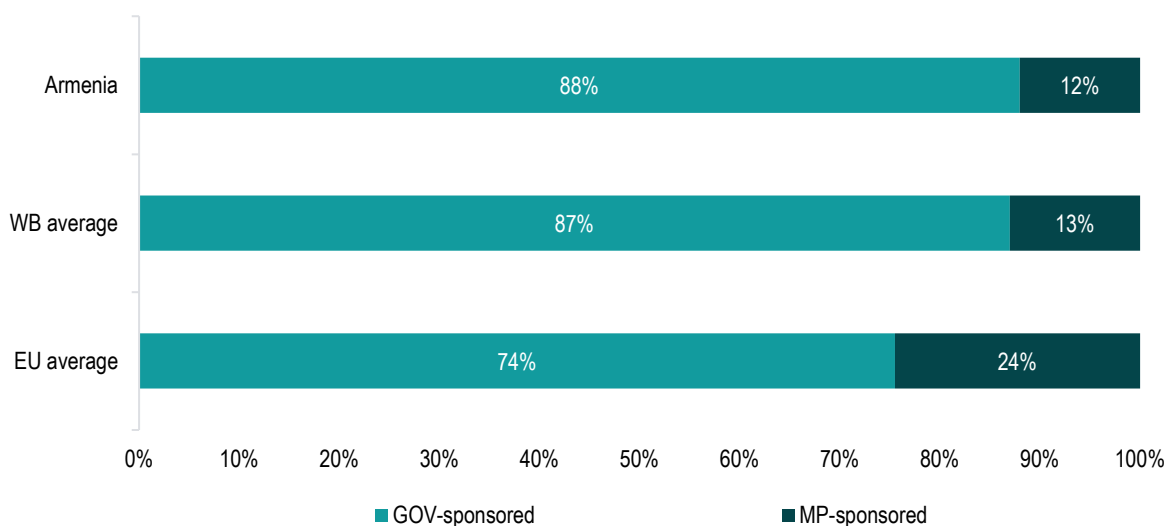
¹²⁹ RoP of the Parliament, Article 30.

Nevertheless, due to the significant discrepancy between the GAP and actual Government legislative output, the Parliament cannot reliably base its planning on the GAP. In 2024, only 17% of draft laws adopted by the Government (22 out of 127) were included in the Government's original legislative plan.

When deliberating on legislation, the Parliament does not have access to all documentation that was provided to the Government during its own decision-making process. This poses a risk to informed parliamentary lawmaking. For instance, the Government is not required to submit the public consultation report, the interministerial consultation report or the RIA report to the Parliament, despite these being mandatory components for internal government deliberations. Under the current framework,¹³⁰ the Government is only obliged to submit the explanatory note and a statement on budgetary implications. In the past, the RIA report was submitted to the Parliament, but the rules and practice have changed.

The timeliness of parliamentary processing of government-sponsored draft laws could not be assessed, as required data was not provided for assessment. But the share of government-sponsored laws compared to MP-sponsored laws in the total number of all approved laws by the Parliament in 2024 is 88%, which generally aligns with the practices of the Western Balkans and the EU.

Figure 21. Share of Government- and MP-sponsored laws approved by the Parliament



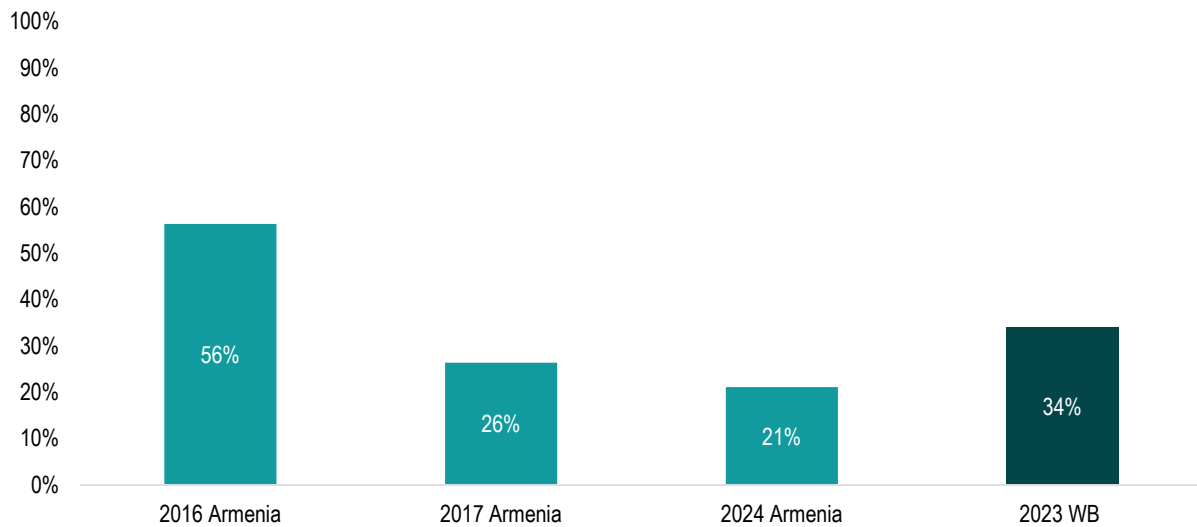
Notes: Armenia data covers 2024. Western Balkan data covers 2023; the share is an average of five Western Balkan administrations, except Bosnia and Herzegovina. EU data covers 2021 to 2024 and includes data from the 22 EU Member States that reported relevant statistics for the 2025 *OECD Regulatory Policy Outlook*.

Sources: SIGMA analysis based on official data collected from Armenia and Western Balkans; EU data taken from *OECD Regulatory Policy Outlook 2025*, OECD Publishing, Paris, https://www.oecd.org/en/publications/oecd-regulatory-policy-outlook-2025_56b60e39-en.html.

The share of government-sponsored laws adopted through non-standard proceedings has declined since the last assessment. In 2024, 21% of government-sponsored laws were processes under urgent or shortened procedure (96 out of 454 government-sponsored laws) which is below the Western Balkan average in 2023. This number includes ratification of international treaties which, according to the RoP of the Parliament,¹³¹ are debated and adopted in one reading, thus shortening the time available for deliberation.

¹³⁰ Working Order of the National Assembly of 16 December 2016, Articles 24, 25 and 28.

¹³¹ RoP of the National Assembly, Article 69/2.

Figure 22. Share of government-sponsored laws adopted through non-standard proceedings

Note: The share for the Western Balkans is an average of Western Balkan administrations, except Bosnia and Herzegovina.

Source: SIGMA analysis based on official data for laws adopted in 2016 (Armenia), 2023 (Western Balkans) and 2024 (Armenia).

The rules governing urgent procedures do not allow the Parliament to make decisions regarding deliberation procedure. The Constitution has transferred the authority to determine whether a draft law is to be treated as urgent from the Parliament to the Government.¹³² Consequently, all draft laws deemed urgent by government decision must automatically be processed under the urgent procedure. Government requests are neither considered individually nor subject to parliamentary approval. This represents a highly unusual constitutional arrangement, whereby the Parliament does not retain control over its own procedures.

Draft laws initiated by MPs are subject to the same nomo-technical rules as for government drafts, but the requirements for mandatory supporting documents are different. MPs are not obliged to provide assessments of potential budgetary impacts.¹³³ Additionally, the legislative framework does not require MPs to consult affected stakeholders.¹³⁴ However, analysis of MP-sponsored laws shows that consultations do occur in practice by engaging various non-state actors and government institutions during the drafting process.¹³⁵

The analytical quality of MP-sponsored laws varies. While some draft laws are supported by clear and well-structured justifications,¹³⁶ others lack sufficient clarity, detail or justification of the proposed provisions.

¹³² Constitution, Article 109/4: "A draft law deemed urgent by the Government decision shall be adopted or rejected within a two-month period.", RoP of the Parliament, Article 73.

¹³³ *Ibid.*

¹³⁴ The Law on Regulatory Legal Acts, Article 3, explicitly exempts MP-sponsored draft laws from the obligation to undergo public consultation.

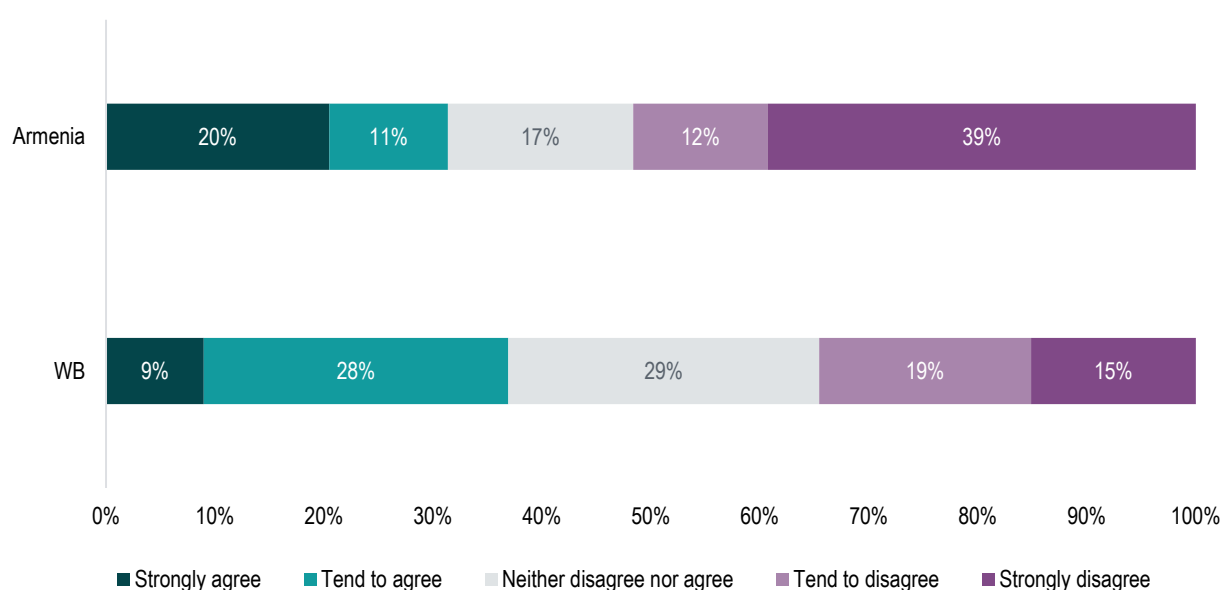
¹³⁵ The following three MP-sponsored laws were reviewed: 1) Draft Law on Amendments and Supplements to the Law on Regulation of Weapons Circulation; 2) Draft Law on Amendments and Supplements to the Law on Human Reproductive Health and Reproductive Rights; and 3) Draft Law on Amendments to the Family Code. Consultations were reported for the draft Law on Amendments and Supplements to the Law on Regulation of Weapons Circulation and the draft Law on Amendments to the Family Code.

¹³⁶ For example, Draft Law on Amendments to the Family Code.

Nevertheless, every MP-sponsored law must be submitted to the Government for comment.¹³⁷ In 2024, 62 such laws were adopted, with the Government providing formal written opinions on 55 of them.

The work of the Parliament is highly transparent. Its website¹³⁸ publishes and regularly updates the legislative calendar, along with information on the status of each individual draft law. It also provides the latest versions of all registered draft laws and their amendments, as well as relevant committee reports, opinions and supplementary materials. Furthermore, it includes overall and individual voting results and publishes the conclusions of committee meetings. However, annual reports on parliamentary legislative activity are not produced. Despite the overall good level of openness and transparency of Parliament's legislative activity, only 31% of citizens believe that the legislative process in Parliament is open and transparent to the public, which is lower than in the Western Balkans.

Figure 23. Citizens' perceptions of openness of the legislative process in the Parliament



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?": "The legislative process, how laws are made in Parliament is open and transparent for the public".

Sources: SIGMA Survey of Citizens on public administration in Armenia 2025 and SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

There is no formal requirement for regular ex post review of the implementation of laws under the parliamentary rules. Accordingly, no ex post reviews of laws or policies were conducted by the Parliament in 2024.

¹³⁷ Working Order of the National Assembly, Article 31.

¹³⁸ Website of the National Assembly of the Republic of Armenia: <http://parliament.am/>.



Public service and human resource management

Public servants act with **professionalism, integrity** and **neutrality**. They are recruited and promoted based on merit and equal opportunities and have the right competencies to deliver their tasks effectively.

e Principles of Public Administration

- Principle 8** The employment framework balances stability and flexibility, ensures accountability of public servants and protects them against undue influence and wrongful dismissal.
- Principle 9** Public administration attracts and recruits competent people based on merit and equal opportunities.
- Principle 10** Effective leadership is fostered through competence, stability, professional autonomy and responsiveness of accountable top managers.
- Principle 11** Public servants are motivated, fairly and competitively paid and have good working conditions.
- Principle 12** Professional development, talent and performance management enhance the skills, efficiency and effectiveness of public servants and promote civil service values.

Summary and recommendations

The main developments since the 2019 Assessment, which occurred shortly thereafter, include the adoption of secondary legislation allowing implementation of the 2018 Civil Service Law (CSL), along with the gradual rollout of the Human Resource Management Information System (HRMIS). More recently, in June 2024, the Parliament adopted amendments to the Law on Salaries, mainly to allow for more frequent salary reviews. This was followed by further amendments to the CSL in December 2024, which introduced positive changes, such as granting the Civil Service Office (CSO) the authority to organise horizontal training, as well as some more questionable provisions, such as allowing promotions based solely on performance appraisal results, even for top public management (TPM) roles. A set of by-laws adopted in January 2025 and June 2025 enabled the implementation of most amendments to the Law on Salaries and the CSL. These by-laws also include digital human resource management (HRM) provisions, which will take effect in January 2026. While some progress has been made, the implementation of modern and effective HRM in the public service is slow.

The 2018 CSL covers legislative, executive and judicial authorities, but it allows numerous exceptions, **narrowing the scope of the civil service**. Key groups of public servants in public administration are governed by special legislation that is not fully aligned with public service principles. This also applies to staff in state-controlled private-law bodies performing administrative functions, which are regulated under labour law. The **political responsibility** is clearly attributed, but it does not cover a large number of persons carrying out functions of public administration who do not fall under the legal regime of the civil service. The CSO's **co-ordination and supervision responsibilities are limited to the civil service** except in matters of salary policy. Its responsibilities to oversee civil service job classification encroach on the independence of the Ombudsperson. Overall, **capacities for modern HRM remain limited**: the HRMIS excludes parts of central government; human resources (HR) processes are not yet fully digitalised; workforce planning is absent; and managers' responsibilities for people-management are not clearly defined.

The **top public management (TPM) function** in Armenia's central government administration shows some positive features, such as **reasonable levels of stability** provided by permanent appointments and moderate turnover (18% average annual turnover rate between 2020 and 2024). **TPM roles are attractive**, with nearly 80% of competitions having five or more eligible candidates in 2024. TPM holders responding to the SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025, conducted in March-April 2025, generally reported a high sense of managerial autonomy. Nevertheless, **these strengths are undermined by the narrow scope of the function**. In practice, TPM status in the ministries is limited to secretary generals, while the co-ordination of broad policy areas in ministries and the management of subordinated agencies fall to political appointees. Amendments to the CSL that entered into force in January 2025, allow **TPM positions to be filled through direct promotion** based on performance appraisal results bypassing open competition, to the detriment of merit in the access to this crucial function. Even when competitions are held, **political appointees can sit on selection panels**, and this was the case in most of the 2024 competitions analysed. **Gender balance in TPM roles is far from being achieved**, which contrasts with the strong presence of women in non-managerial jobs.

Access to civil service non-TPM roles in the central government administration is based on competition, transparent and free from discrimination. The CSO has taken some steps to improve information to potential candidates on its website, but the **average number of eligible candidates per vacancy is modest (3.2), and only 35 % of externally advertised posts were filled** in 2024. Civil-service selection still relies on knowledge-based tests and unstructured interviews; **assessment methods based on evidence to predict performance are not sufficiently in place**. **Political appointees influence the selection process**, particularly when filling department head vacancies, and legislation does not fully enshrine the principle of appointing the highest-ranked candidates. Recruitment and **selection for**

temporary employment do not guarantee merit, and legislation insufficiently defines the grounds and limits for temporary work.

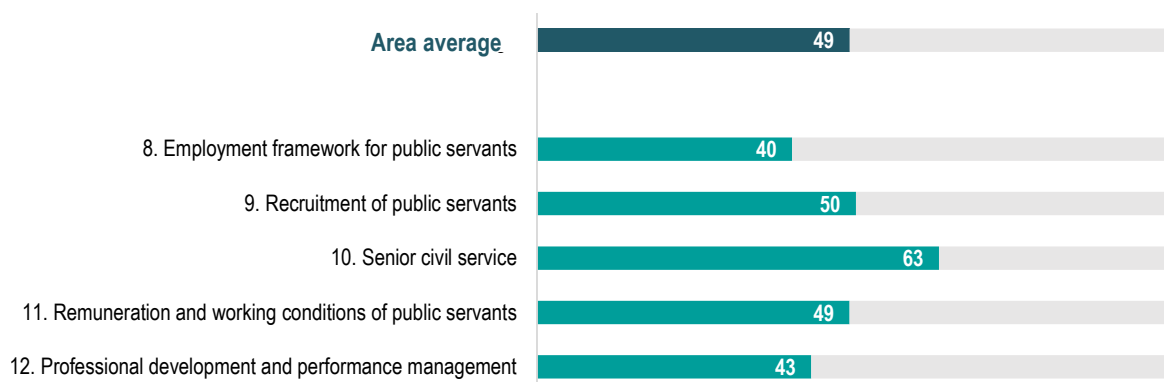
Pay structures are clearly set in law and allow for **salary progression opportunities**. Public service salaries are generally **transparent**. There was a significant increase in public sector base remuneration in 2023, aiming to decrease the proportion of one-off rewards. However, the diversity of bonuses and the lack of caps on their size persist and lead to substantial **differences in remuneration across public bodies**. The CSO analyses salaries, including public-private comparisons for some professional groups. The methodology was improved in January 2025 but it needs refinement to guide policy effectively.

Well-being initiatives for public servants are limited, and regular staff surveys are lacking. **Occupational Safety and Health rules are not aligned with European Union (EU) standards**. Flexible working arrangements, although regulated, are rarely used. Nevertheless, respondents to the SIGMA Survey of Public Servants 2025 would still recommend their organisation as a good place to work. Social dialogue within the civil service is virtually absent.

Performance-appraisal design broadly meets basic standards, but implementation tends to overemphasise procedural compliance rather than actual job performance. **Inflated ratings** also reduce its effectiveness. Decentralised **training** is complemented by competency-based programmes led by the CSO, which is now also responsible for training on professional knowledge for some horizontal functions under recent legal amendments. However, centralised training remains short-term, tactical and linked to annual appraisals rather than long-term development. Recent CSL amendments have sped up promotion processes but weakened merit safeguards.

There are **some measures in place to ensure inclusiveness** in public service, particularly for persons with disabilities in recruitment and selection. However, proactive measures to encourage applications are not in place. **Only 0.4% of civil servants in the government administration are persons with disabilities**.

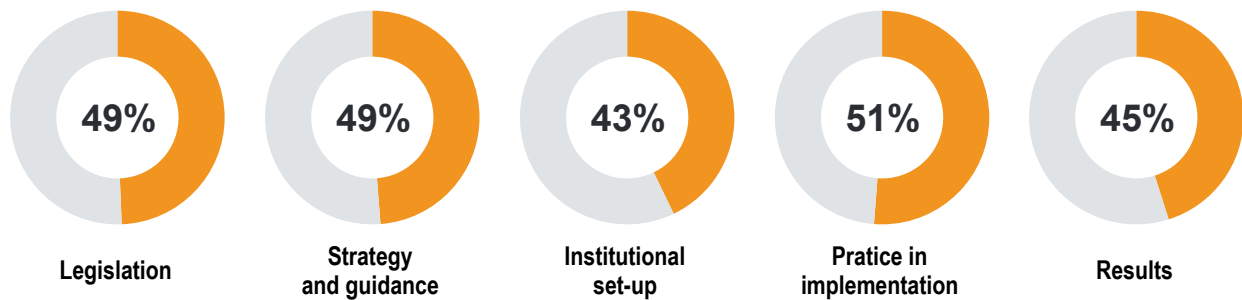
Figure 24. Overall indicator values in the public service and human resource management area



Note: Area average is a simple average of the Principles within the area.

Overall, the existing legal framework, institutional set-up, related strategy and guidance, practices and results present weaknesses and inconsistencies that limit the effectiveness of the public service and the HRM system.

Figure 25. State of play in public service and human resource management by type of criterion



Note: This figure presents the results of the assessment by type of evaluated criteria: legislation; strategy and guidance; institutional set-up; practice in implementation; and results. The percentages represent the ratio of actual points awarded to the maximum possible points under each criteria type, calculated across all principles within the area.

Recommendations

1. The Government should ensure better alignment of special regulations applying to some groups of public servants in the central government administration and staff in state-controlled private-law bodies performing administrative functions with public service principles of merit and professionalism.
2. The Government should revise the CSO's scope of competence to ensure that it encompasses the public service in the central government administration, and should remove the CSO's current responsibilities regarding job classification in independent bodies outside the executive branch.
3. The Government should prepare legislative amendments to expand the scope of the TPM function to the co-ordination of policy areas in ministries, include heads of agencies subordinated to ministries and ensure consideration of merit in access to these positions.
4. The Government should analyse the causes of the low participation of women in TPM jobs and adopt measures to promote gender balance.
5. The Government should ensure that the HRMIS encompasses all public servants in central government administration bodies and is adjusted to their needs. The CSO, in co-operation with the Ministry of Finance, should ensure interoperability of the HRMIS with the payroll system and continue the digitalisation of HRM procedures.
6. The CSO, in co-operation with public bodies, should analyse the low ability to attract candidates and fill vacancies in recruitment procedures and propose measures to address this problem. It should gradually introduce workforce planning and employer branding with this aim.
7. To avoid political influence and ensure merit in selection processes, the Government should propose amendments to the CSL and special legislation applying to other groups of public servants in the central government administration. The CSO should undertake measures, including capacity building, to enhance the professionalism of selection procedures and should improve the predictive value of the assessment methods used.
8. The CSO should continue its efforts to improve the methodology of salary analysis to provide a more solid evidence base regarding current disparities in the allocation of salaries across public service groups and organisations and the competitiveness of public service remuneration.
9. The Government should engage in dialogue with trade unions at the central level and provide a proper platform for this dialogue. It should also encourage co-operation with employee representatives at the level of individual institutions.
10. The CSO should undertake measures to plan and organise public servants' professional development more strategically and ensure the quality of training.
11. The CSO should propose actions to transform current performance appraisals from process- and output-based to result-oriented.

Analysis

Principle 8: The employment framework balances stability and flexibility, ensures accountability of public servants and protects them against undue influence and wrongful dismissal.

The scope of the CSL was enlarged in 2018, but in some areas of public administration, the employment regulations are not well aligned with public service principles. While the political responsibility for the civil service is established and the CSO performs its co-ordination and monitoring role, this is not the case for the broader public service. The HRMIS has been developed, but the data in the system is not comprehensive. Interoperability with the payroll system and complete digitalisation of HRM procedures have not yet been implemented.

Indicator 8. Adequacy of the policy, legal framework and institutional set-up for a professional and accountable public service	2025 indicator value	40/100
Sub-indicators	Points	
1. Existence of political responsibility for the public service	2/5	
2. Clarity and implementation of public service policy	3.5/10 ⁱ	
3. Clarity and adequacy of the material, horizontal and vertical scopes of public service legislation	4/10	
4. Protection of neutrality and professionalism of public servants against undue influence	7.4/10	
5. Quality of the disciplinary system	3/10 ⁱ	
6. Objectivity and fairness of dismissal and demotion of public servants	3/14	
7. Grounds and limits for temporary employment in the public service	2/5	
8. Existence of central and capable co-ordination bodies	8.5/12	
9. Capacities for professional HRM in public administration bodies	2.8/12	
10. Existence of an effective HRM information system	3.7/12	

ⁱ Data not available or not provided.

The Law on Public Service (LPS)¹³⁹ provides the general legal framework for the wider public service, including integrity. More detailed regulations on the civil service system and HRM are contained in the CSL,¹⁴⁰ except for salaries, which are regulated separately.¹⁴¹ The Labour Code applies to the issues not regulated by the CSL.¹⁴² All secondary regulations related to the functioning of the civil service have been adopted.

Although the 2018 CSL includes legislative, executive and judicial authorities, the staff of the President, the Prosecutor's Office, independent bodies and the Ombudsperson Institution, it permits exceptions that

¹³⁹ Law No. HO-206-N on Public Service, adopted on 23 March 2018, with later amendments.

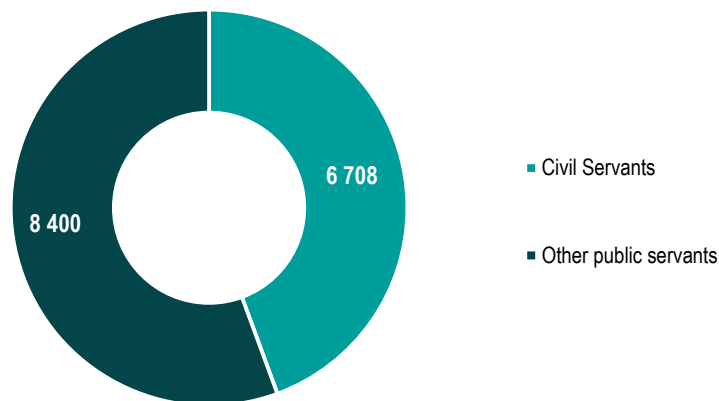
¹⁴⁰ Law No. HO-205-N on Civil Service, adopted on 23 March 2018, with later amendments.

¹⁴¹ Law No. HO-157-N on the Remuneration of State Officials and Public Servants, adopted on 12 December 2013, with later amendments.

¹⁴² Labour Code No. HO-124-N, adopted on 9 November 2004, with later amendments.

ultimately limit the overall scope of the civil service.¹⁴³ (Figure 26) Special regulations, not always well aligned with public service principles, apply to some parts of public administration, including the professional staff working in the Customs Service, the Tax Service, the Diplomatic Service and the administration of the Parliament.¹⁴⁴ In particular, special legislation in the Customs Service, the Tax Service, the Diplomatic Service and the National Assembly establishes that political appointees choose members of selection panels, and political appointees can sit on the panels in the Customs and Tax Services and the National Assembly.¹⁴⁵ Competitions are not compulsory to access public service jobs in the National Assembly.¹⁴⁶

Figure 26. Civil servants and other public servants, 2024



Note: The figure compares staff employed based on the CSL and the remaining public servants as regulated by the LPS. It applies only to staff from ministries, agencies and other subordinate bodies reporting to ministries, the Government and the Prime Minister, including their territorial branches.

Source: SIGMA analysis based on information provided by the administration.

Private law foundations and other state-controlled bodies of public law are widely used in some policy areas. Since they operate outside the state administration system, their employees are directly under the Labour Law, which does not ensure meritocratic recruitment. They are exempted from the public service remuneration system. (See the analysis of Principle 13 for more details.)

In addition, the LPS establishes that for the implementation of certain tasks and functions assigned to state and local self-government, staff can be employed as “civil workers”, whose employment relations are

¹⁴³ CSL, Article 1, paragraphs 2 and 3; LPS, Article 3; Law on Customs Service.

¹⁴⁴ Law on Customs Service, No. 402-N, adopted on 3 July 2002, with amendments; Law on Tax Service, N_407-N, adopted on 3 July 2002, with amendments; Law on Diplomatic Service, No. 249, adopted on 24 October 2001, with amendments; and Law on the state service in the staff of the National Assembly of the Republic of Armenia, No. HO-158-N, adopted on 11 June 2009, with amendments.

¹⁴⁵ According to the Law on Tax Service, Article 17.3, point 8, and the Law on Customs Service, Article 8.3, point 8, interview committees are formed by order of the Head of the State Revenue Committee. According to the Order of the Chairperson of the State Revenue Committee No. N-836-L, dated 12 August 2022, Appendix 1, point 3, the chairperson and deputy chairperson of the State Revenue Committee can sit on the selection panels. According to the Order of the Minister of Foreign Affairs No. 2616-N, of 10 December 2018, point 13, the Minister forms the competition committee. According to the Decision of the Chairman of the National Assembly, point 3, No. NO-07-N of 16 November 2017, the Speaker of the Parliament issues the order to form a selection panel, and the Head of Staff of the Parliament approves the list of members of the selection panel. Members of Parliament can be involved in selection panels.

¹⁴⁶ Law on the state service in the National Assembly, Articles 13 and 15.

governed by the Labour Code.¹⁴⁷ While most of these positions, as listed in secondary regulations, are support positions, such as technical or particular roles (e.g. IT staff, photographers, translators and journalists), some are generally defined and appear to be typical civil service positions, creating room for abuse. This relates, among others, to assistants of secretaries general, advisors, legal advisors and accountants.¹⁴⁸

Two kinds of temporary employment are available in the government administration, and neither can be transformed into permanent employment in the civil service.¹⁴⁹ According to the CSL, temporary employment is possible to replace absent civil servants.¹⁵⁰ Based on the LPS, it is also possible to involve experts in performing specific tasks, addressing an increased workload, or working on projects and specific assignments.¹⁵¹ The recruitment for both categories of temporary positions does not fully ensure merit.¹⁵² In addition, under the LPS, temporary employment of experts is limited to one year, but not in all cases. The share of fixed-term experts in a public body should not exceed 5% of positions, or 10% with the approval of the Government.¹⁵³

The CSO monitors both modalities of temporary employment, including compliance with existing regulations and the duration of these contracts. While the number of civil servants with fixed-term employment was limited (189 in 2024), the number of experts employed under the Labour Code was more substantial (801 in 2024), which accounts for around 5% of public servants in government administration. Most of them were hired to address workload increases.

The PAR Strategy 2023-2030 and its Roadmap 2023-2025¹⁵⁴ are in force and encompass public service and HRM. This document refers to the broader public service, includes a situational analysis, sets objectives, defines indicators, outlines deadlines for specific activities, and provides cost estimates. However, the monitoring reports related to the PAR Strategy do not provide the information required to assess progress against the objectives.

¹⁴⁷ LPS, Article 10, Paragraphs 1 and 3.

¹⁴⁸ Council of Ministers (CoM) Regulation No. 737-N determining the official qualifications of persons performing civil work and providing technical service in state authority bodies, adopted on 3 July 2014, Annex 1.

¹⁴⁹ According to the CSL, Article 8, "Civil service positions are filled for an indefinite period, based on the results of a competition or from rating lists or as a result of transfer or performance evaluation or as a result of reorganisation and (or) structural change or from the personnel reserve, until the age specified by this Law is reached, and for a certain period, under a fixed-term employment contract or as a result of transfer or in the case of a business trip." The possibility of transferring or seconding civil servants appointed under a fixed-term employment contract is explicitly excluded by CoM Decision No. 1303-N on prescribing the procedure and the conditions for holding positions by way of swap, transfer and secondment, adopted on 15 November 2018, as amended by CoM Decision No. 762-N of 12 June 2025, point 9.

¹⁵⁰ CSL, Article 13.

¹⁵¹ LPS, Article 10.

¹⁵² LPS, Article 10; CoM Decision No. 878-N of 2 August 2018, on establishing the procedure and cases for involving experts by state bodies for performing specific tasks; CSL, Article 13, Paragraph 2; and CoM Decision No. 792-N on the procedure for concluding a fixed-term employment contract, adopted on 10 July 2018, as amended by the CoM Decision No. 755-N of 12 June 2025.

¹⁵³ CoM Decision No. 878-N On Establishing the Procedure and Cases for Engaging Experts by State Bodies for Performing Specific Tasks, adopted on 2 August 2018, Annex, point 4.

¹⁵⁴ CoM Decision No. 691-L on the Strategy of Public Administration Reforms, the Roadmap for 2023-2025 and the Result Frameworks, adopted on 13 May 2022.

While political responsibility for civil service is attributed to one of the Deputy Prime Ministers (DPM),¹⁵⁵ it is unclear who bears this responsibility for other public servants not regulated by the CSL. The CSO is responsible for managing the civil service at the operational level, contributing to drafting legislation in this area, and developing the salary policy for government employees.¹⁵⁶ The CSO actively performs its role. It issues guidance on HR procedures (except for performance appraisal), influences training content and organises training on competencies, and it has been recently empowered to also organise training related to professional knowledge on horizontal support functions.¹⁵⁷ The CSO also ensures the availability of legislation related to civil service on its website and supervises the application of CSL provisions. However, these supervision and control powers are, in practice, limited to a relatively narrow civil service in the central government administration¹⁵⁸, except for the approval of job descriptions and classification. In this latter case, the CSO must consent to proposals from all state bodies under the CSL, including the Ombudsperson Institution, which compromises the independence of this body. (See Principle 16 for additional information.)

The CSO does not organise regular meetings and networking activities for HR staff. Effective performance of the monitoring function is hindered by the not-yet-fully-functional HRMIS. The HRMIS is not yet interoperable with the document management system and the payroll system, although interoperability with other relevant systems is in place.¹⁵⁹ Some HR processes are still conducted on paper or semi-digitally, and many public bodies manage staff files in parallel in both paper and digital formats. Additionally, the data in the HRMIS is not comprehensive for institutions not covered by the CSL, and this system is not well-suited to their specific needs.

The level of professionalism of HR units varies across public bodies. While in some cases, HR staff benefit from relevant training on HRM, most have not had the opportunity to participate in HR professional events and networks. Most analysed institutions regularly provide HR-related data and analysis to top management, which is a clear improvement compared to 2018.¹⁶⁰ There is significant scope to better empower line managers in managing their teams, as their job descriptions lack people-management responsibilities, and newly appointed managers receive no training in this area.

The legislation establishes civil servants' obligation to act professionally and their right to reject illegal orders. A significant proportion of public service managers responding to the SIGMA Survey of Public Servants on the public administration 2025 (77%) do not perceive interference from politicians or people with direct links with political parties in their work. This proportion is statistically significantly higher than the average in Western Balkan administrations (55%) (Figure 27).

¹⁵⁵ CSL, Articles 3 and 44, paragraph 3.

¹⁵⁶ CSL, Article 38, paragraph 3.

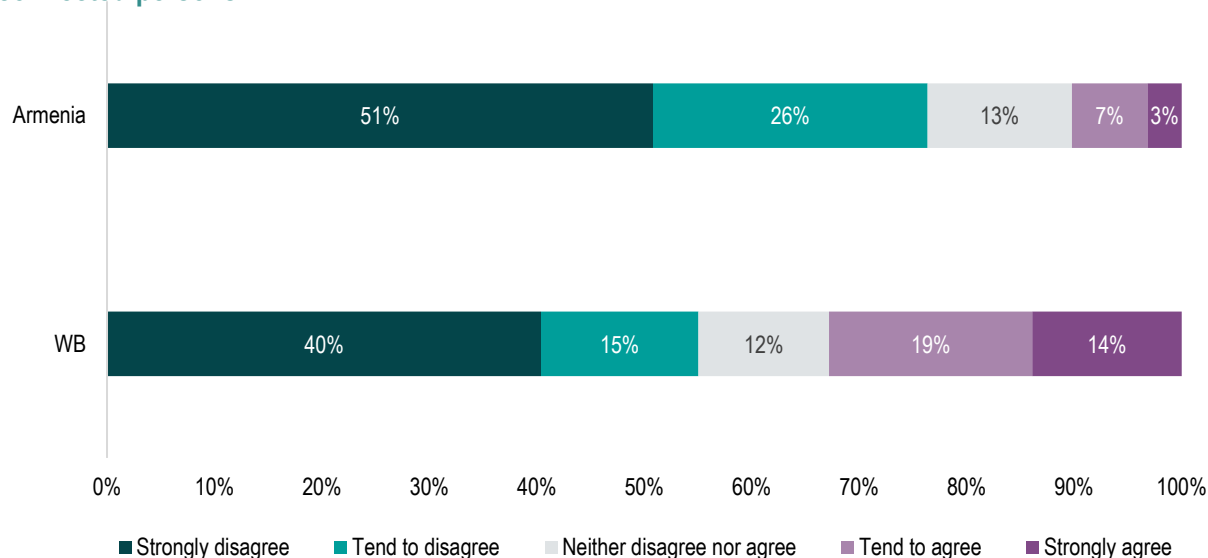
¹⁵⁷ CSL, Article 19, paragraph 2; Decision of the Deputy Prime Minister No. N-384N, of 11 June 2025, amending Decision No. N 2-N of 9 January 2019 on defining the procedure for training of civil Servants.

¹⁵⁸ CSL, Article 38, paragraph 3, point 2 defines the monitoring and legal drafting role of the CSO in relation to the broader public service. However, during fact-finding meetings, SIGMA learned that these responsibilities, in practice, are performed primarily regarding the civil service.

¹⁵⁹ Population registry, relevant police and tax systems, and the state registry of legal entities.

¹⁶⁰ OECD (2019), *Baseline Measurement Report, Armenia*, SIGMA Monitoring Reports, OECD Publishing, Paris, p.56, <https://doi.org/10.1787/6061bc9f-en>.

Figure 27. Public service managers' perceptions of interference by politicians and politically connected persons



Note: Percentage of valid responses from public servants in management positions to the question: "To what extent do you agree with the following statement?": "My professional work is subject to interference by politicians, or people with direct links to political parties." Armenia, n=313; WB, n=1 566.

Sources: SIGMA Survey of Public Servants on the functioning of the public administration in Armenia 2025 and SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

The CSL provisions protect civil servants against discretionary dismissals, which is not true for certain special regulations applied to government bodies not covered by the CSL.¹⁶¹ However, the secondary regulations concerning illnesses that may lead to dismissal from the civil service often fail to clearly distinguish between conditions that permanently disqualify individuals from service and those that restrict employment only in certain roles or for limited periods.¹⁶²

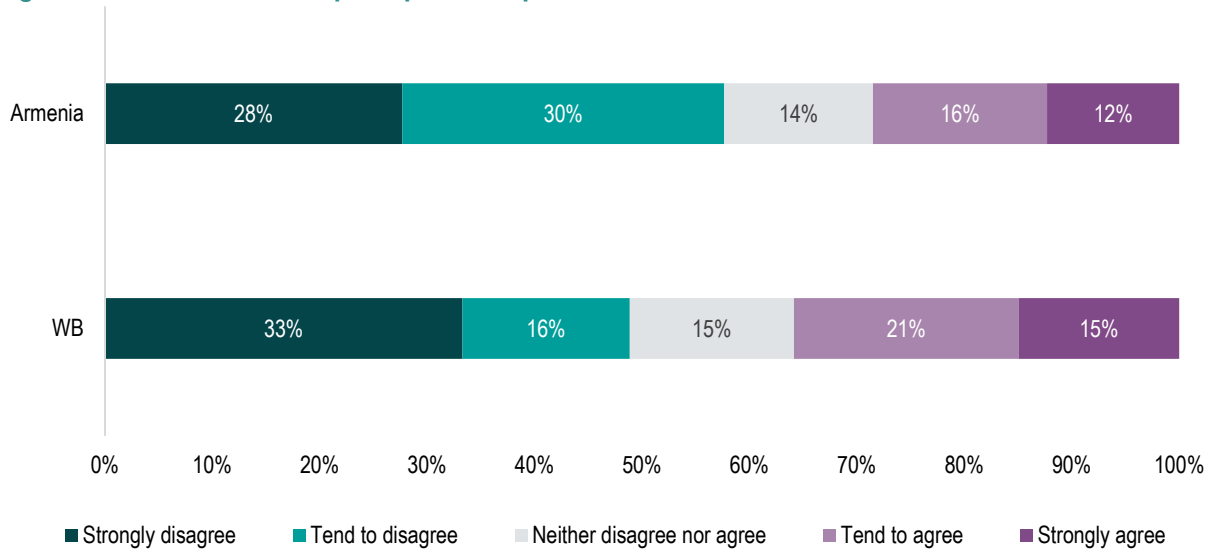
During reorganisation, civil servants can be promoted to a higher position, but in such cases their employment relations change from permanent to fixed-term. If they do not win a competition after the fixed-term appointment expires, they will be dismissed. This peculiar solution does not adequately protect the rights of civil servants.¹⁶³ SIGMA was unable to analyse the practice of dismissals due to the unavailability of data. According to the SIGMA Survey of Public Servants on the functioning of public administration 2025, a significant share of public servants fear dismissal for political reasons (strongly agree or tend to agree), although this proportion is lower than the average in Western Balkan administrations (36%) (Figure 28).

¹⁶¹ The provisions applicable to the diplomatic service do not include criteria for individual redundancy decisions.

¹⁶² Government Decision No. N98-N, on the approval of the list of diseases preventing the exercise of powers in the event of holding a public service position, as well as the performance of educational or administrative activities in educational institutions. Annex 2 of the Decision, regarding the Rescue Service, does differentiate between illnesses that prevent the exercise of functions depending on the job and different forms or degrees of disease. However, for administrative activities, there is a single shortlist without any differentiation or any consideration of the chance to recover within a reasonable period.

¹⁶³ CSL, Article 23, Paragraph 6.

Figure 28. Public servants' perceptions of political influence on dismissal decisions



Notes: Percentage of valid responses to the question: "To what extent do you agree with the following statement?": "I might be dismissed from the public service for political reasons." Armenia, n=1 228; WB, n=5 780.

Sources: SIGMA Survey of Public Servants on the functioning of the public administration in Armenia 2025 and SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

Principle 9: Public administration attracts and recruits competent people based on merit and equal opportunities.

Competition is the only way to access permanent civil service jobs, and recruitment is non-discriminatory and transparent. Nevertheless, workforce planning is not implemented, and the public service does not invest in recruitment strategies, including employer branding. The average number of eligible candidates per vacancy in public competitions is low (3.2). This decreases the ability to fill advertised jobs; only 35% of vacancies offered for external recruitment were filled in 2024. The recruitment and selection process for the civil service lacks modern assessment tools, and political appointees often influence the selection process, particularly in middle-level managerial positions. The CSL does not fully reflect the requirement to appoint first-ranked candidates.

Indicator 9. Transparency, professionalism, and effectiveness of recruitment of public servants		2025 indicator value	50/100
Sub-indicators		Points	
1. Quality of human resource (HR) planning		0/10	
2. Competitive and non-discriminatory recruitment		7.5/10	
3. Transparency of recruitment		7/8	
4. Inclusiveness of recruitment		1.3/6	
5. Attraction of qualified candidates		2.5/8	
6. Recruitment based on job profiles		7/8	
7. Professionalism of the selection committees		7.4/14	
8. Adequacy of selection methods		4/14	
9. Efficiency and timeliness of recruitment procedures		5.6/10	
10. Right to information on results and appeal		3/6	
11. Quality of onboarding		5/6	

The CSO does not conduct workforce analysis and planning in the central government administration as the basis for determining recruitment priorities or other HR needs in the civil service.

The CSL establishes clear and non-discriminatory criteria for access to civil service jobs and requires open competitions. Access to other public service jobs in the central government also requires open competitions. However, this is not the case for all state institutions, as non-competitive appointments are possible in the administration of the Parliament.¹⁶⁴

Job advertisements are based on job descriptions and include the candidate profile and information on work conditions.¹⁶⁵ They are widely advertised through a single, user-friendly government portal that enables online applications and document submission. However, the portal is not accessible from abroad, which may hinder the participation of potential candidates in foreign countries. Public bodies also use other channels for vacancy dissemination, including social media. The CSO has taken initial steps to improve information to potential candidates through a video and guidelines posted on its portal. However, proactive employer branding that encourages potential candidates to join the civil service is currently lacking. Additionally, participating in job fairs is not standard practice among the public bodies analysed.¹⁶⁶

¹⁶⁴ Law No. HO-158-N on the staff of the National Assembly, adopted on 11 June 2009, Article 13.

¹⁶⁵ The recent amendments to Regulation No. 1554-N on establishing the procedure for holding a competition for filling a vacant position in the CS, introduced by CoM Decision No. 776-N, adopted on 12 June 2025, Annex 1, point 14, removed a provision on the obligation to include job requirements in announcements. Still, this information is included in the job description and, according to the regulation, the announcement must include a link to it.

¹⁶⁶ However, some do participate, for example, the Ministry of Finance.

Furthermore, legislation establishes too short periods for submitting applications in competitions to fill vacancies above the entry-level.¹⁶⁷

There are two main ways of entering the civil service: through open recruitment to specific positions and through pooled recruitment to entry-level positions. Both modalities encompass written testing and an interview. Open recruitment to specific positions is decentralised and performed by public bodies while, for entry-level positions, the CSO administers a general admission examination. Those who pass the exam are ranked on a list that is valid for two years. When filling entry-level vacancies, public institutions must select the five highest-ranked candidates who meet the vacancy requirements from this list and invite them for an interview conducted by the institution.¹⁶⁸ In all cases, selection panels are created ad hoc for the interview phase and should comprise at least five members.¹⁶⁹ Composition of the panels presents several shortcomings. First, the person responsible for appointing a civil servant to a vacancy should be a member of the selection panel. This is the secretary general for expert and lower-level managerial positions, but the minister appoints heads of departments (middle-level management positions) and can, therefore, be a panel member in such cases. Second, political appointees can participate in the selection panel as field experts. In practice, political appointees were selection panel members in some of the recruitment files analysed. On the positive side, the participation in selection panels is mandatory for the HR unit (the heads or their delegates), and the obligation to declare conflicts of interest applies to all panel members.¹⁷⁰

The assessment techniques commonly used have limited predictive value. Testing comprises a computer-based written part, typically a knowledge test, and an unstructured interview. Until the amendments to the CSL adopted in December 2024, the written test assessed professional knowledge and generic competencies, with competency-related questions developed by the CSO and questions on professional knowledge prepared by the recruiting body. The amendments to the CSL¹⁷¹ modify the assessment approach. These changes focus the written test on the assessment of professional knowledge and the ability to apply it. The test includes questions on general legislation, prepared by the CSO, and questions on professional knowledge related to the position, prepared by the recruiting body. Interviews aim to assess knowledge, abilities and competencies. The set of generic competencies for various groups of positions is outlined in regulations,¹⁷² along with a list of specific competencies. However, the detailed descriptions of generic competencies are too theoretical and are of limited use for recruitment and other HRM procedures. Specific competencies are not supported by detailed descriptions. As a result, competencies have thus far been used in a largely formalistic manner during selection procedures.

A good practice in Armenia is obtaining some information about the eligibility of applicants through state databases that are interoperable with the HRMIS (including police databases and the state register of legal entities) and verifying information through the same channels in some cases. Nevertheless, candidates must still present some documents held by the Administration when they apply for jobs.¹⁷³ The CSL only partially incorporates the principle of appointing the highest-ranked candidates. First, the winner of the

¹⁶⁷ Regulation No. 1554-N, amended, paragraph 14, point 5, establishes a deadline of five working days following the publication of the announcement. This regulation refers to competitions to fill civil service vacancies above the 6th, 7th and 8th subgroups of the professional category.

¹⁶⁸ CSL, Articles 10 and 11.

¹⁶⁹ CSL, Article 10, paragraph 16.

¹⁷⁰ Regulation No. 1554-N, amended, point 101.

¹⁷¹ Law No. HO-475N, on amendments and additions to the law on civil service adopted on 4 December 2024, Article 3, amending Article 10 of the CSL.

¹⁷² CoM Decision No 3-N on evaluation, classification, defining titles (...), adopted on 11 January 2019.

¹⁷³ The CSO confirmed that applicants must submit the following documents, besides ID: document certifying higher education; document certifying employment situation; and certificate of fulfilment of military service duties.

competition is selected by a vote of the selection panel members, rather than based solely on the scores obtained during the interview.¹⁷⁴ Second, the provisions are not explicit on how the selection of winners in the interview happens for entry-level positions. In this case, the recruiting body performs interviews with up to five best-ranked candidates after the written testing.¹⁷⁵ However, the regulations do not clearly state whether candidates are ranked after the interview, based on results, and how the winner is chosen.¹⁷⁶

Candidates are informed of their results after each stage of the recruitment and selection process, and 74% of respondents to the SIGMA Survey of Public Servants 2025 were satisfied with the clarity of the information received during recruitment.¹⁷⁷ This is similar to the average in Western Balkan administrations (72%).¹⁷⁸ The appeal to an administrative instance is only possible for the written part of the testing and only until the candidate leaves the testing room.¹⁷⁹ The use of appeals and their outcomes is not monitored, which does not allow the administration to understand and correct its mistakes.

Only two institutions were able to provide data about the length of recruitment processes according to the assessment methodology.¹⁸⁰ In both of them, the process was expedited.¹⁸¹ However, due to the reduced sample, the positive observations about the speed of the process cannot be generalised to the entire administration.¹⁸²

Recruitment results, measured by the ability to attract candidates, remain modest: in 2024, external competitions drew an average of 3.2 eligible candidates per vacancy, similar to the level observed in 2023. The effectiveness of open recruitment in filling vacancies is consistently low, with only 35% of positions filled in 2024, a decline from 2023. A comparison with Western Balkan administrations presents a mixed picture. The attractiveness of open recruitment in Armenia is comparable to that in Kosovo and North Macedonia, but significantly lower than in Albania and Serbia. The proportion of vacancies filled in Armenia is also lower than in the Western Balkans administrations (Figure 29). In Armenia, recruitment outcomes

¹⁷⁴ CSL, Article 10, paragraph 17.

¹⁷⁵ CoM Decision No 754-N of 12 June 2025 amending CoM Decision No 73, point 73, introduced more flexibility. If none of the five highest-ranked candidates turns up for the interview, candidates classified from 6 to 11 are invited.

¹⁷⁶ Article 10 CSL, paragraph 17, establishes how the selection committee determines the winning candidate in competitions to fill vacancies above the 6th, 7th and 8th subgroups of the professional category. However, Article 11 CSL, paragraph 10, specifies that, in competitions to fill vacancies in these lower subgroups the interview is organised and conducted in the manner prescribed in Article 10, paragraphs 13 to 16. Therefore, Article 10 CSL, paragraph 17, does not apply to entry-level competitions, leaving the method for determining the winning candidate unclear in these cases. Moreover, in competitions above the 6th, 7th, and 8th subgroups, the winner is not determined based on the ranking of interview scores, but solely through the voting of panel members, without a clear or objective basis.

¹⁷⁷ SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025, percentage of valid responses to the question: "To what extent do you agree with the following statement?" "During the recruitment and/or selection process to access my current position, it was difficult to understand what was requested from me (e.g., which documents to upload, how the examination is organised)". The response categories "Strongly disagree" and "Tend to disagree" are considered.

¹⁷⁸ SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024. Results relate to the same question and response categories as above.

¹⁷⁹ CoM Decision No. 1554-N, amended by CoM Decision No. 776-N, adopted on 12 June 2025, point 65. CSL, Article 10, Paragraph 22.

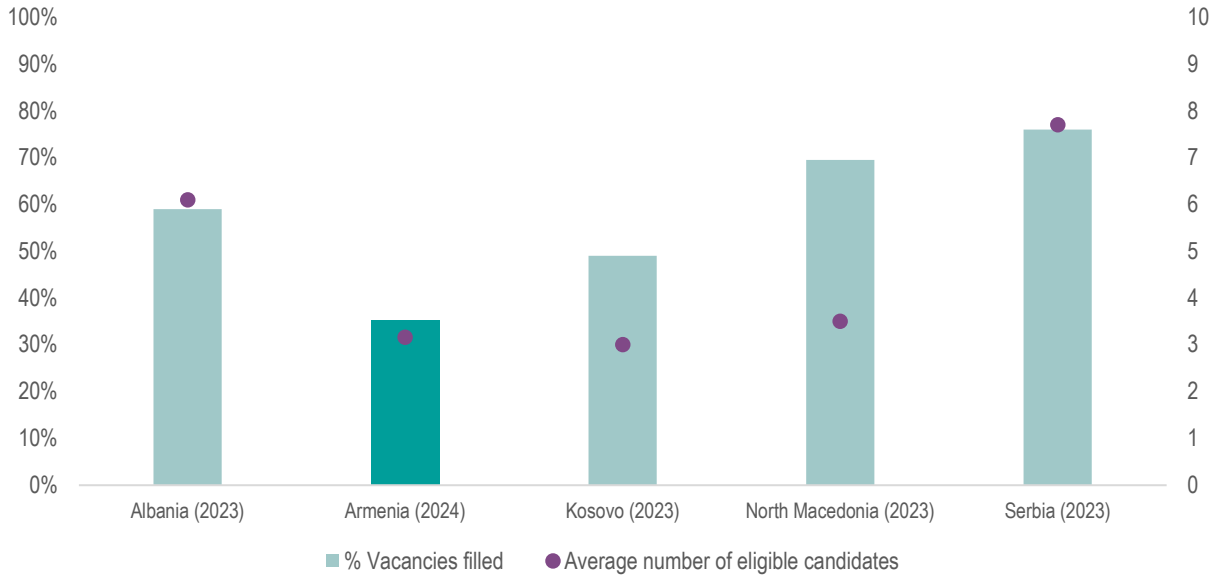
¹⁸⁰ For example, the lists of selections, in some cases, included only the partial length of recruitment, as for entry level positions, they disregarded the time required for application and testing performed by the CSO.

¹⁸¹ In 2024, recruitments lasted 38 days on average in the Ministry of Finance and 43 in the Unified Social Services.

¹⁸² This finding does not relate to the recruitment for entry-level positions, as the data in this regard was not analysed.

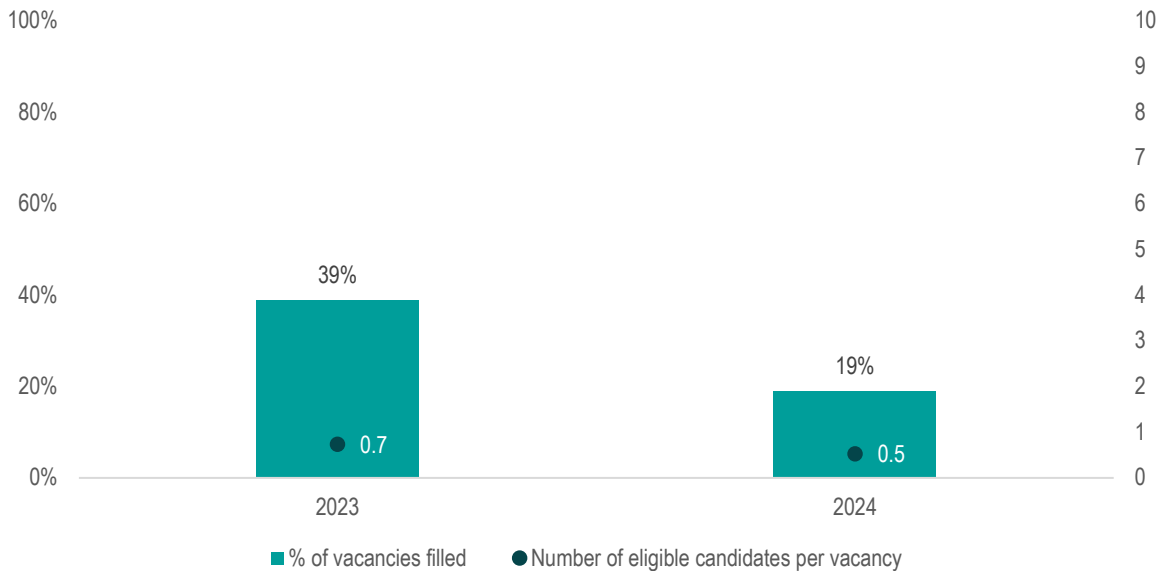
are particularly weak for entry-level competitions, where the ratio of eligible candidates falls below one, and the trend in vacancy fulfilment deteriorated in 2024 (Figure 30).

Figure 29. Effectiveness of external competitions to fill civil service jobs, except TPM positions



Note: Data for Montenegro and for some administrations of Bosnia and Herzegovina are not available.
 Source: SIGMA analysis based on information provided by the administration.

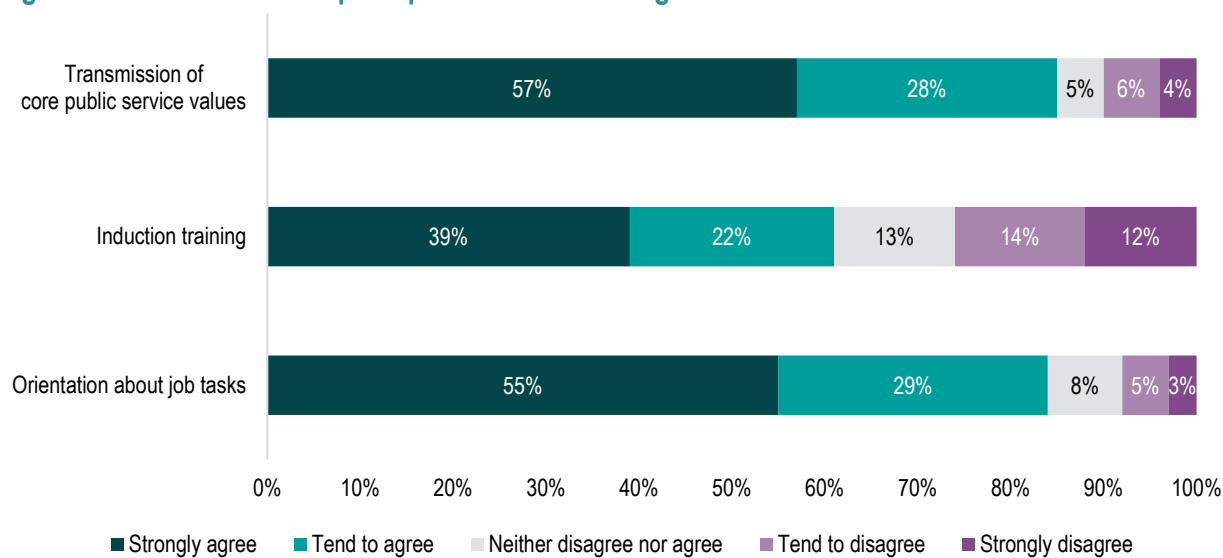
Figure 30. Effectiveness of competitions to fill entry-level civil service jobs



Note: Eligible candidates in entry-level competitions are those who passed a general admission examination and were included in the list of ranked candidates that can participate in competitions to fill vacancies at that level.
 Source: SIGMA analysis based on information provided by the administration.

The probation period in the civil service typically lasts from 6 to 12 months, depending on the position.¹⁸³ The primary responsibility for onboarding newcomers is assigned to a direct superior and a probationary co-ordinator (one of the civil servants in that body who holds at least an equivalent position); the latter is also responsible for drawing up a work programme for the probationary period.¹⁸⁴ According to the SIGMA Survey of Public Servants, civil servants perceive onboarding positively regarding the orientation about job tasks and the transmission of core public service values, but they are statistically significantly less positive about the quality of induction training. (Figure 31).

Figure 31. Public servants' perceptions of onboarding of new staff



Note: Percentage of valid responses to the questions: "To what extent do you agree or disagree with the following statements?" 1) "When I joined my current institution, I was given training to understand the rules, procedures and systems required to do my job"; 2) "When I joined my current institution, I was made aware of the core values of my organisation and their importance."; and 3) "When I joined my current institution, I was given a clear sense of my job tasks and expectations."

Source: SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

The regulations oblige government administration to provide reasonable accommodation to candidates with disabilities, and candidates can declare their disability when applying.¹⁸⁵ However, a more proactive approach to encourage people with disabilities to apply to the civil service or to raise disability awareness among selection panel members was not identified. Legislation also establishes employment quotas for persons with a disability,¹⁸⁶ but only 0.4% of civil servants in the government administration are persons with disabilities.

¹⁸³ CSL, Article 17.

¹⁸⁴ CoM Decision No. 441-N on probational period of 12 December 2018.

¹⁸⁵ CoM Decision No. 1554-N on establishing the procedure for holding a competition to fill a vacant civil service position, of 27 December 2018, amended by CoM Decision No. 776-N, of 12 June 2025, points 42-44, Form No. 1; CoM Decision No. 73-N on the procedure for organising the testing and the interview for drawing up the rating lists, of 31 January 2019, as amended by Government Decision No. 754-N of 12 June 2025, points 27-29 and a form attached to that decision.

¹⁸⁶ Article 20 of Law No. HO-152-N of 11 December 2013 on Employment, as amended, establishes an employment quota of 3% for entities with an average workforce of 100 or more employees, and 1% otherwise, including state bodies, among others.

Principle 10: Effective leadership is fostered through competence, stability, professional autonomy and responsiveness of accountable top managers.

There is a high prevalence of permanent appointments in TPM positions and moderate turnover (18% from 2020 to 2024). TPM roles are attractive, with nearly 80% of 2024 competitions drawing at least five eligible candidates. However, these positive elements are undermined by the narrow scope of the function, which in practice is limited to secretary generals, while positions in policy co-ordination in ministries and management of subordinated bodies are held by political appointees. Amendments to the CSL in force since January 2025 allow TPM appointments through direct promotion based on performance appraisals, bypassing open competition. If competitions take place, they are highly susceptible to political influence. Gender balance is far from being achieved.

Indicator 10. Professional top managers		2025 indicator value	63/100
Sub-indicators		Points	
1. A specific category and scope of the Top Public Management (TPM) system		1.9/11	
2. Attractiveness of top management positions		6/7	
3. Merit-based and competitive recruitment of top managers		30.4/47	
4. Diversity and gender parity in top management positions		0.4/5	
5. Management by objectives and performance evaluation		4/4	
6. Managerial autonomy		1.9/2	
7. Training and professional development		1.5/4	
8. Stability of top managers		16.7/20	

The TPM category is too narrow, compared to EU standards. While the distinction between professional and political positions is clear in Armenia,¹⁸⁷ the differentiation between TPM and lower-management jobs is blurred. The civil service job classification establishes only two broad categories: the so-called “leading category”, which encompasses five grades, without specifying which of them correspond to the top management, and the “professional category”.¹⁸⁸ In practice, secretary generals in ministries are classified in the first and second grades in the leading category and are considered top managers. Directors of departments are usually classified at the third grade of the leading category in ministries. They are not equivalent to classical directors-general in EU countries, as there are numerous departments in each ministry and, although the heads report to the minister, their work is supervised by deputy ministers responsible for co-ordinating policy areas.¹⁸⁹ Heads and deputy heads of governmental agencies do not enjoy civil service status – they are appointed and dismissed at the Government's discretion.¹⁹⁰

¹⁸⁷ LPS, Articles 3-8.

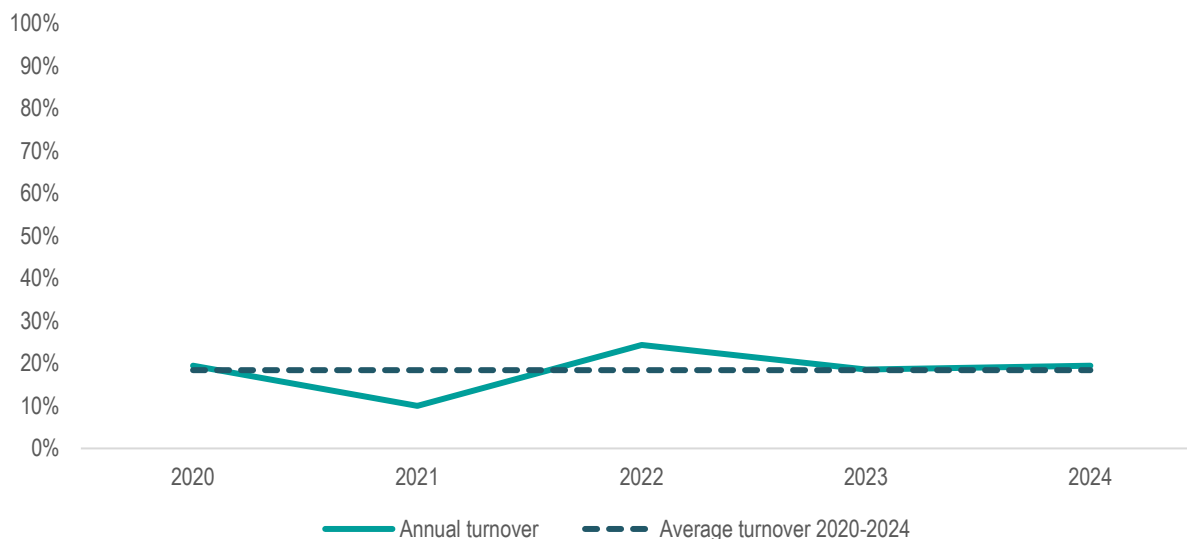
¹⁸⁸ CSL, Article 6.

¹⁸⁹ Deputy ministers are called “field co-ordinators” in the regulation on performance appraisals, CoM Decision No. 1510-N on approving the procedure for drawing up work plans, entering the work plans into the electronic document circulation system, approval thereof, performance evaluation via that system and rewarding based on performance in the bodies of state power of the republic of Armenia, as well as the procedure for performance evaluation of penitentiary, probation and rescue civil servants, adopted on 20 October 2011.

¹⁹⁰ LPS, Article 6, Paragraph 4; Article 6, Paragraphs 2 and 3; and Article 4, paragraphs 1 and 3.

Secretary generals in ministries hold open-ended appointments. Stability in these positions is moderate, with an 18% average annual turnover rate between 2020 and 2024, and so is the fluctuation of turnover over the years (Figure 32.) Over the past five years, all terminations in secretary-general positions have been officially recorded as voluntary resignations. The only exception involved disciplinary proceedings.

Figure 32. Turnover in secretary-general positions, 2020-2024



Source: SIGMA analysis based on information provided by the administration.

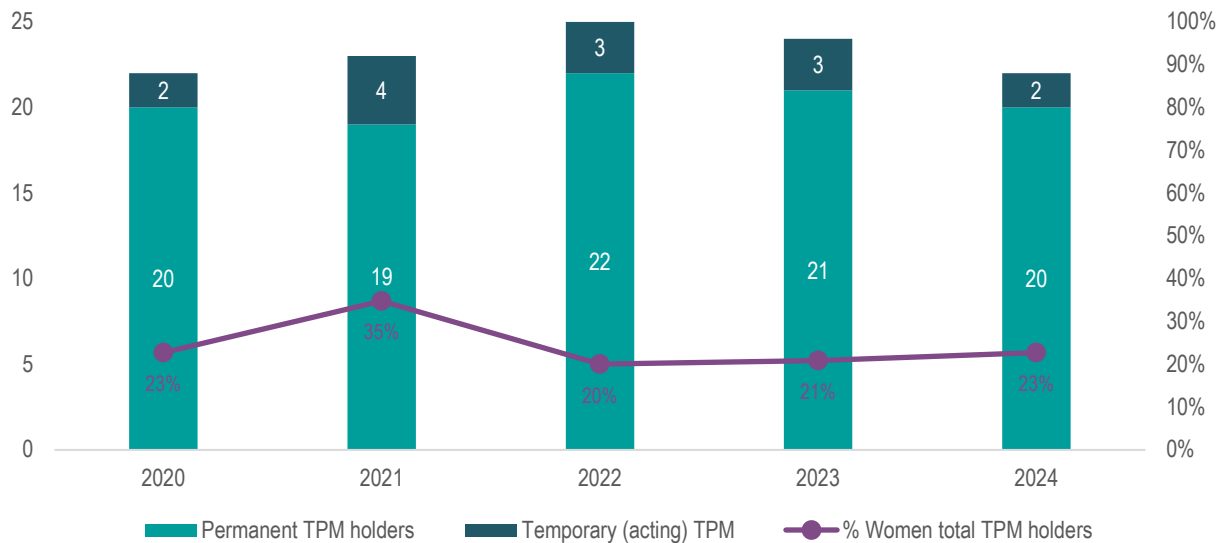
Acting appointments are not regulated as such in legislation. Job descriptions of civil servants may include the obligation to replace the secretary-general when they are absent. This possibility may also apply when the secretary-general position is vacant. At the end of 2024, there were only two such cases (Figure 33).

The share of women in TPM positions was around 25% in 2020-2024, contrasting with the average in EU Member States (41%),¹⁹¹ in Western Balkan administrations (38%),¹⁹² and the high presence of women in civil service lower-level positions in Armenia (48% in other managerial roles and 74% in the professional category). The Government does not undertake any proactive initiatives to increase women's presence at the higher managerial level.

¹⁹¹ Average of the 23 EU Member States included in OECD (2023), "Gender equality in senior management positions in national administrations, 2011 and 2021" in OECD (2023), *Government at a Glance 2023*, OECD Publishing, Paris, <https://doi.org/10.1787/3d5c5d31-en>. There are minor differences in the calculation methodology between SIGMA and OECD data. The OECD definition of senior positions is broader and also encompasses middle managerial positions, which are outside the scope of TPM positions in the SIGMA methodology.

¹⁹² SIGMA analysis based on information provided by the administration.

Figure 33. Permanent and temporary TPM holders by gender



Source: SIGMA analysis based on information provided by the administration.

Separate provisions regulate the recruitment and selection of secretary generals, with the CSO responsible for organising this process for government institutions.¹⁹³ The selection board comprises senior civil servants and political appointees (i.e. deputy ministers and political advisors), appointed from the list adopted by the Government. This does not ensure an objective and professional assessment of candidates.¹⁹⁴ In addition, there are no clear criteria for selecting individuals for the list from which the selection panel members are appointed, nor are there criteria for assigning individuals to a specific selection committee from the list.

Although the regulations permit various examination techniques, in practice, the selection process typically consists of a computer-based test of knowledge and competencies, followed by an interview, with the same limitations described in the analysis of Principle 9. Practical case studies, presentations, etc. were not used in any of the selected procedures analysed. In all of them, the highest-ranked candidates were appointed.

Since 1 January 2025, TPM positions can be filled without using competitive recruitment practices. Appointments can be made as a result of promotions based on performance appraisal results, without competition.¹⁹⁵

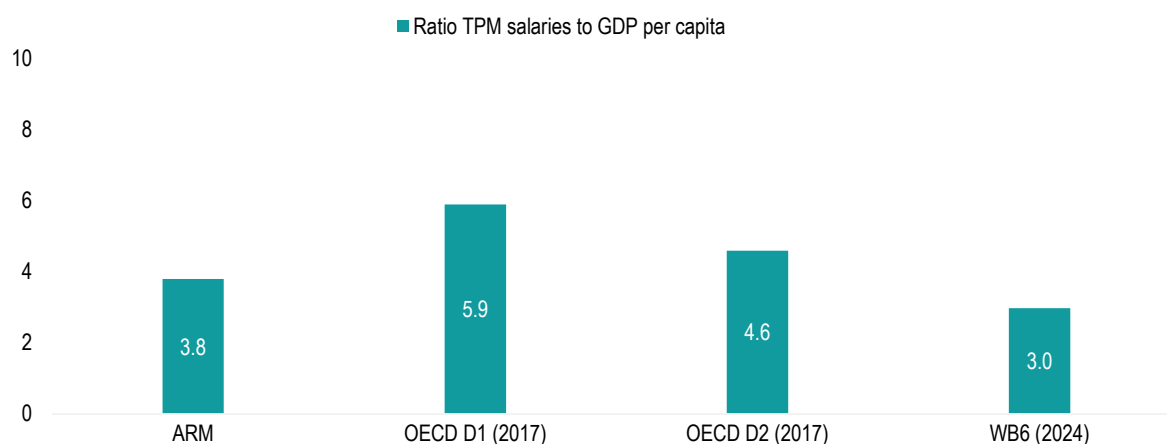
Notwithstanding these shortcomings in accessing TPM jobs, the attractiveness of these positions remains relatively high, with 79% of TPM vacancies in 2024 attracting five or more eligible candidates. This may be a result of a reasonable salary compression ratio (5.6:1) and a relatively competitive ratio between the TPM salaries and the GDP per capita (3.8:1).

¹⁹³ CSL, Article 10, paragraph 14.

¹⁹⁴ The list of persons from which selection panels are appointed is available at: <https://www.arlis.am/hy/acts/188522#%20#>.

¹⁹⁵ This possibility was introduced by Law No. HO-475-N on amendments to the CSL, which was adopted on 4 December 2024 and entered into force on 1 January 2025. Appointments based on the results of performance appraisals do not require a formal examination. Additionally, performance appraisals often fail to work effectively in practice (see also the analysis related to Principle 12).

Figure 34. Ratio of gross salary of top managers to GDP per capita



Notes: The value for Bosnia and Herzegovina is the simple average of the state level, the Federation of Bosnia and Herzegovina and the Republika Srpska. D1 managers are top public servants below the minister or secretary of state, and D2 are senior managers just below D1 positions.

Sources: SIGMA analysis based on information provided by the administrations. OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris, https://doi.org/10.1787/gov_glance-2017-en.

According to the SIGMA Survey of Public Servants 2025, TPM position holders feel empowered to take managerial decisions autonomously. Most declare that they regularly discuss objectives and expectations with their superiors and undergo performance assessments.¹⁹⁶

While the CSO does not organise specific training for TPM holders, 71% declared that they have participated in professional development activities in 2024.¹⁹⁷

¹⁹⁶ SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

¹⁹⁷ *Ibid.*

Principle 11: Public servants are motivated, fairly and competitively paid and have good working conditions.

The salary structure and salary scales are clearly regulated and allow for salary progression. Information on salaries is publicly available. Nevertheless, the perception of salary fairness is low among public servants. The regulation of salary allowances and bonuses leaves too much room for discretion and includes insufficient limitations. While the Government invests much effort in salary benchmarking, the results of the analysis conducted have limited usefulness due to methodological issues. Occupational safety and health are insufficiently regulated, and well-being policies are not yet in place. Social dialogue is virtually absent.

Indicator 11. Attractiveness of employment and work conditions		2025 indicator value	49/100
Sub-indicators		Points	
1. Attractiveness of employment in public administration		6.2/20	
2. Fairness in the allocation of base salaries and allowances		16.5/23	
3. Predictability of the wage budget of the public service		3/6 ⁱ	
4. Availability and transparency of salary information		8/8	
5. Salary progression opportunities		7/8	
6. Performance-related pay and other incentives		2/8	
7. Work conditions and well-being of public servants		0/13	
8. Availability of flexible work arrangements		5.3/7	
9. Social dialogue with the public sector employees		1/7	

ⁱ Data not available or not provided

Public servants' remuneration is comprehensively regulated. Salaries consist of base pay, salary supplements and three kinds of bonuses. Public servants may also enjoy other benefits, including housing and additional paid leave.¹⁹⁸

Base salaries are allocated based on the job classification, which follows an analytical job evaluation methodology.¹⁹⁹ Base salary grades are set for hierarchical groups and sub-groups of positions. Additionally, within each salary grade, public servants may progress horizontally to higher salary steps (up to 11 in each salary grade), based on seniority and the results of performance appraisals.²⁰⁰ This solution enables sufficient differentiation of salaries among civil servants and promotes progress without requiring a change in position. Salary compression in the civil service is moderate, at a ratio of 1:5.6. Although different salary scales exist for civil servants and specialised administration, such as the diplomatic, tax and customs services, no group has salary coefficients that fall below or exceed the established range for the civil service.

¹⁹⁸ Law on the Remuneration of State Officials and Public Servants (LRSOPS), Article 6, paragraph 1; CSL, Article 30; Decision of the Government No. 1691-N on approving the procedure for allocating social package (...), adopted on 27 December 2012.

¹⁹⁹ CSL, Articles 6 and 7; CoM Decision No. 3-N on evaluation, classification, defining titles (...), adopted on 11 January 2019. It establishes a point-factor evaluation methodology.

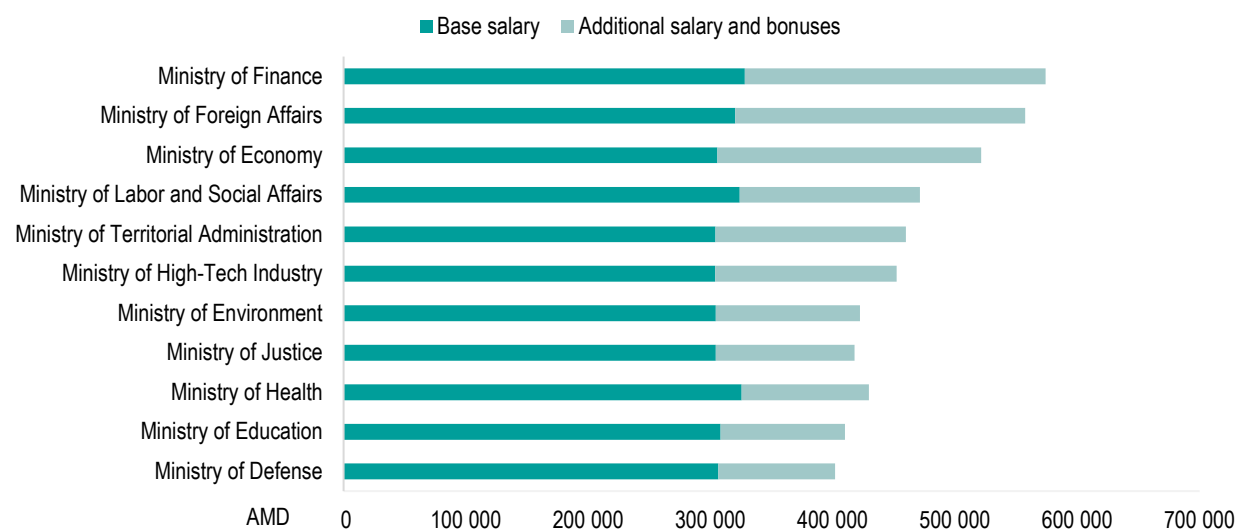
²⁰⁰ LRSOPS, Annex 9.

Salary supplements are defined for specific groups of public servants and for specific work conditions, such as overtime work.²⁰¹ They are capped at 30% of the basic salary,²⁰² with exceptions for certain employment groups for which there is no upper limit. This applies to specific services, such as those in the military, defence and security systems, the police, the diplomatic service, penitentiary, probation and rescue services. However, this privilege is also granted to state servants in the State Revenue Committee, which includes civil servants in general administrative jobs. It also applies to “positions requiring specialisation”, which allows for granting this exception in multiple other cases.²⁰³

Civil servants may also be eligible for bonuses paid twice yearly based on performance evaluation results. Additionally, the appointing authorities may grant bonuses for special tasks or work quality. The third type of bonus relates to successfully implementing experimental projects that optimise work organisation.²⁰⁴ The first and third types of bonuses are allocated based on objective criteria, such as performance appraisal results or achieving the programme’s objectives. However, the second type is paid based on a subjective decision by the appointing authority, without any explicit role by the direct line manager. There are no upper caps for bonuses, which can be paid from a bonus fund and other sources.²⁰⁵

This regulatory framework has led to a fair allocation of base salaries in ministries in practice, but high disparities in salary supplements and bonuses (Figure 35).

Figure 35. Average base salary and additional salary, including bonuses, in ministries, 2024



Note: The Ministry of Internal Affairs is not included. The staff composition regarding professional categories and levels may influence these differences.

Source: CSO (2024), Report on the basic salary and remuneration system of persons holding civil state positions and civil service positions.

²⁰¹ LRSOPS, Article 8.

²⁰² LRSOPS, Article 6, paragraph 2.

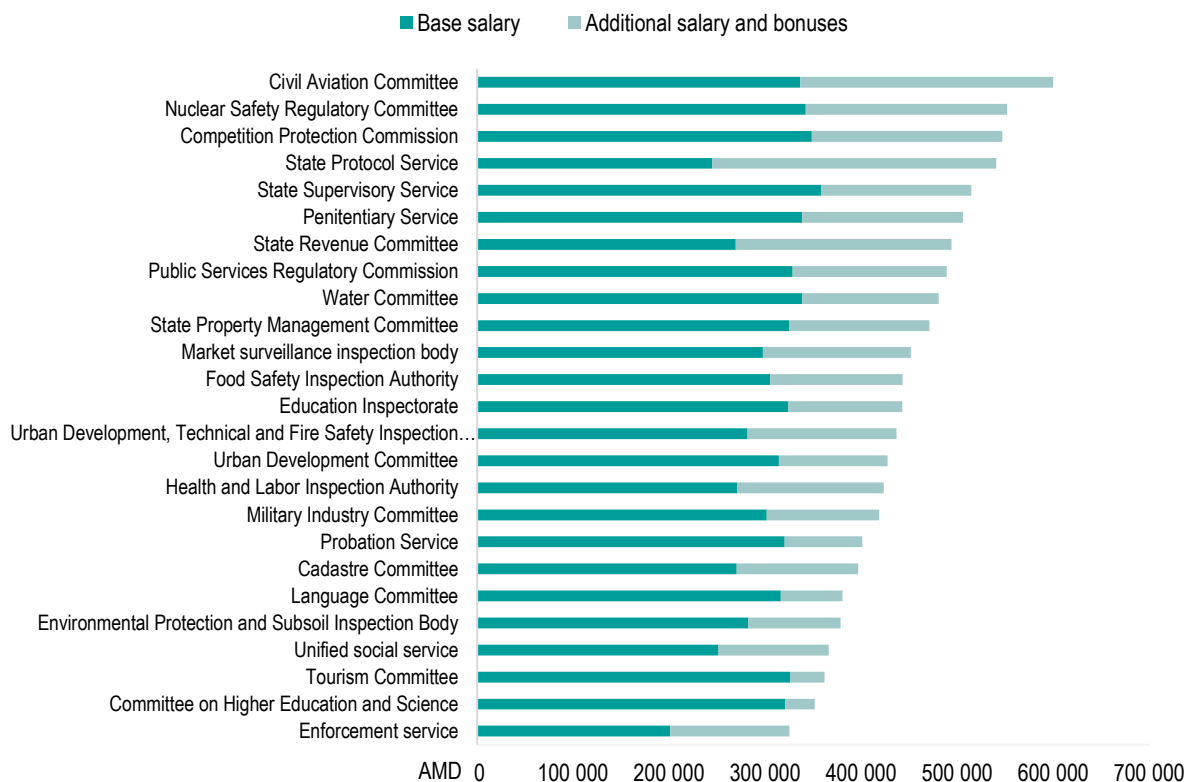
²⁰³ LRSOPS, Article 6, paragraph 5.

²⁰⁴ LRSOPS, Article 22.

²⁰⁵ According to the LRSOPS, Article 6, paragraph 6, “Rewarding of persons holding public office and public service positions may be carried out from the reward fund provided for by the state budget of the Republic of Armenia, from the saved funds of the salary fund, from funds optimised for the experimental organisation of the work of the given body, as well as from other sources not prohibited by law.”

In other administrative bodies in the central government administration, there is also significant variation in base salaries (Figure 36). Consistently, despite comprehensive regulations on base salaries, the perception of salary fairness is low, with only 31% of public servants who responded to the SIGMA Survey of Public Servants on the functioning of public administration 2025 perceiving that salaries are paid fairly across the public administration. This proportion is similar to the Western Balkan average (29.6%).

Figure 36. Average base salary and additional salary, including bonuses, in other bodies in the central government, 2024



Note: The Television and Radio Commission is not included. The staff composition regarding professional categories and levels may influence these differences.

Source: CSO (2024), Report on the basic salary and remuneration system of persons holding civil state positions and civil service positions.

Despite these disparities in remuneration across public bodies in the central government, 62% of surveyed public servants in management positions declare that their organisation's incentive system, considering monetary and non-monetary rewards, improves performance (Figure 37).

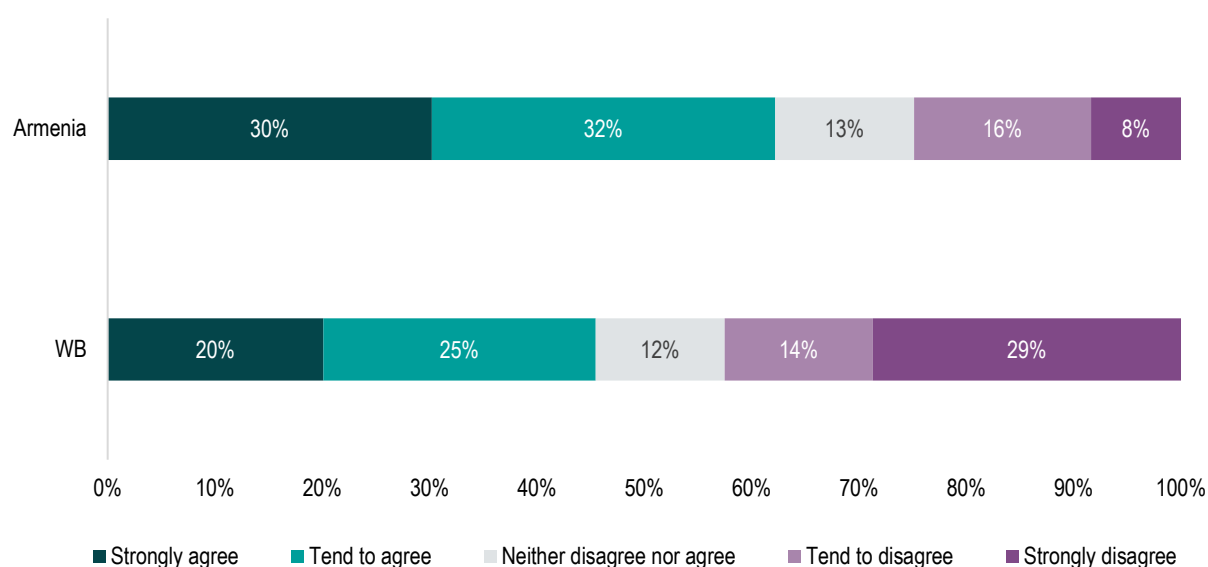
This value is high compared to the results of the same survey conducted in the Western Balkans (45%).²⁰⁶

The predictability of the public service wage bill is low. The comparison of the planned salaries from the Medium-term Budgetary Framework for 2022-2024 (adopted in 2021) with those paid in 2023 shows that the planning did not anticipate salary increases in public sector employees implemented in the 2023 state budget which led to a deviation of the actual spending of 20%.²⁰⁷

²⁰⁶ <https://par-portal.sigmaxweb.org/areas/2003/indicators/2050/subindicators/2484>

²⁰⁷ From January 1, 2023, alongside the rise in Armenia's minimum monthly wage, the base salary in the public service also increased. The minimum salary was set at AMD 75 000, and the public service base salary at AMD 83 200

Figure 37. Public servants' perceptions of the impact of the reward system on their organisation's performance



Note: Percentage of valid responses of public servants in management positions to the question, "To what extent do you agree or disagree with the following statement?": "The incentive system in my organisation (monetary and non-monetary rewards) improves the performance of my colleagues?" Armenia: n=394; WB: n= 6 444

Sources: SIGMA Survey of Public Servants on the functioning of the public administration in Armenia 2025 and SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

In Armenia, public servants' salaries are subject to a reasonable degree of transparency. The information on base salaries is available in job announcements. The CSO makes information about the salary scale of civil servants available on their website²⁰⁸ and regularly produces publicly available comparative reports on the salaries in public service.²⁰⁹ Such reports were prepared every third year, but starting in 2025, they will be prepared annually.²¹⁰ They include a comparison of total salaries for selected positions with similar groups in the private sector. In addition, they include detailed information on civil service salaries broken down, for instance, by public bodies, gender and position groups. Comparisons to previous years are also available. Unfortunately, due to methodological issues, the usefulness of these reports in obtaining a real picture of the competitiveness of civil servants' salaries vis-à-vis business is limited. In particular, the temporal scope and the source and type of data differ, which does not ensure a comparison of all components of remuneration in both sectors, despite some adjustments introduced by the CSO.²¹¹

(up 25.79% from AMD 66 140). The increase was financed mainly by reallocating bonus funds within state bodies, with an additional 10% of each body's salary fund provided from the state budget. This change also aimed to increase the share of the base salary in the total salary.

²⁰⁸ Salary scales: <https://cso.gov.am/payments/min-official-rate>.

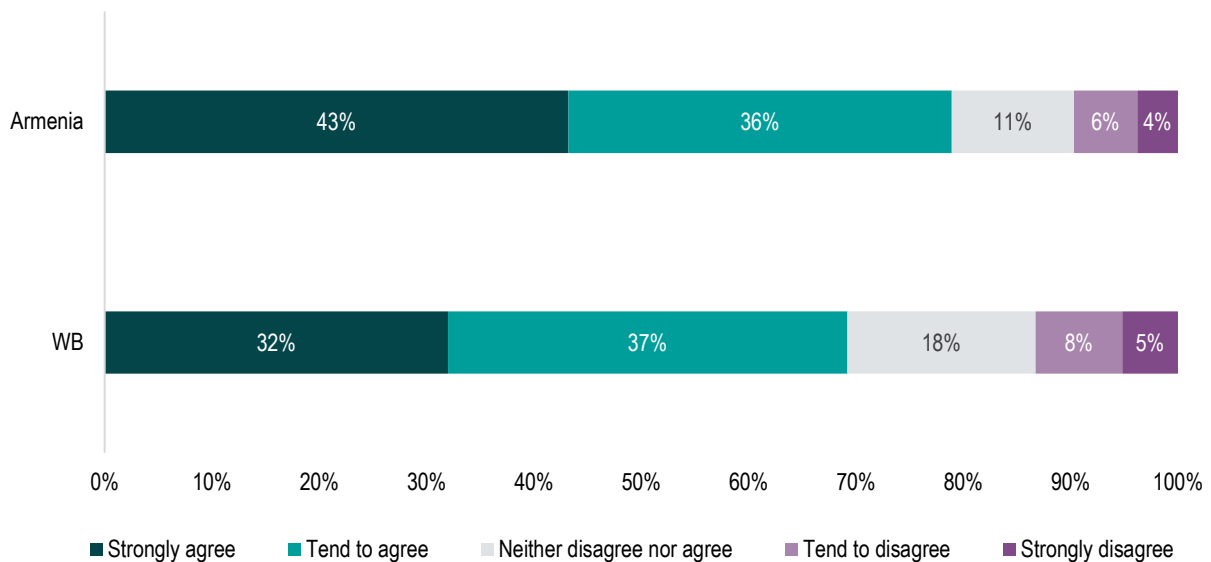
²⁰⁹ Public service salaries: <https://cso.gov.am/payments/analyzes>.

²¹⁰ CoM Decision No. 47-N on amendments and changes to decision No. 1420 of 18 December 2014, adopted on 16 January 2025.

²¹¹ In the 2024 report, data for the public service corresponds to the whole year and includes all salary components, while data for the private sector relates only to one month (July 2024) and is taken from a sample of 2 000 organisations

The lack of reliable data makes it impossible to comment on the level of voluntary turnover. Nevertheless, the SIGMA Survey of Public Servants on the functioning of public administration 2025 suggests that public service is considered an attractive employer, as 79% of respondents are willing to recommend their organisation as a good place to work. This proportion is higher than the average in the Western Balkan administrations (69%) (Figure 38).

Figure 38. Public servants' willingness to recommend their organisation as a good place to work



Note: Percentage of valid responses to the question: "To what extent do you agree with the following statements?": "I would recommend my organisation as a good place to work." Armenia, n=1 584; WB, n=6 448.

Sources: SIGMA Survey of Public Servants on the functioning of the public administration in Armenia 2025 and SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

Occupational safety and health are insufficiently regulated in Armenia.²¹² For example, this concerns the insufficient regulations governing how the occupational safety and health function should be performed in public bodies and the stability of work for staff performing this function. Government administration bodies do not regularly run job satisfaction or engagement surveys, and staff absenteeism was not monitored in some of the analysed public bodies.

provided by the State Revenue Committee. In the 2024 report, the CSO assumes that data from the private sector does not integrate bonuses and, therefore, reduces the salary amounts by 32% (the average proportion of additional salary and bonuses in the public service in 2024). However, the lack of detailed information on the composition of salaries in the private sector sample renders the adjustment not fully justifiable. The CoM Decision No. 47-N introduces some improvements in the analysis of public sector salaries, but the analysis of private sector salaries is not detailed.

²¹² Labour Code, Chapter 23.

While provisions in force allow for flexible working arrangements and telework,²¹³ this possibility is rarely used in public bodies.²¹⁴

Dialogue between the Government and trade union representatives is limited. Civil servants have a right to become members of unions.²¹⁵ However, due to the absence of a relevant institutional framework (tripartite or bipartite commission), a platform for structured dialogue between the Government and public service employee representatives does not exist.²¹⁶ As a result, trade unions can comment on draft regulations concerning employee rights only through the general consultation process. In most of the cases analysed, individual public bodies did not actively engage in the dialogue with employee representatives.

Principle 12: Professional development, talent and performance management enhance the skills, efficiency and effectiveness of public servants and promote civil service values.

Performance appraisal design fulfils basic standards but is ineffective in practice. The standards place excessive emphasis on formal aspects of work rather than substantive performance and are affected by inflated appraisal results. Decentralised training is supplemented by competency-based training and professional knowledge training on horizontal topics, delivered by the CSO. However, competencies remain only formally defined, and training is overly focused on gaps in operational performance. Recent amendments to the CSL have made promotions faster and more flexible, although this has come at the cost of safeguarding merit-based promotions.

Indicator 12. Professional development and performance management of public servants		2025 indicator value	43/100
Sub-indicators		Points	
1. Professionalism of performance assessment		9/21	
2. Existence of training plans adapted to government priorities		6/8	
3. Implementation and results of training		5.2/16	
4. Regulation and use of horizontal mobility		5/16	
5. Professionalism of vertical promotion		12.4/26	
6. Support of professional development practices for diversity and inclusion		5/13	

Current CSL regulations have abandoned the periodic attestation (examination) of staff and replaced it with performance appraisals. Still, the old practice persists in some institutions not covered by the CSL, including the Tax Service, the Foreign Service and the administration of the Parliament. Some institutions

²¹³ Labour Code, Chapter XVII and Article 106, paragraph 1; CSL, Article 28; CoM Decision No. 2138-N on working hours in bodies and their subordinated organisations, adopted on 24 November 2005.

²¹⁴ Flexible working arrangements and remote work were only applied in one body (Ministry of Finance) out of the five from which SIGMA interviewed representatives.

²¹⁵ Labour Code, Chapters 3 and 7.

²¹⁶ Abstract from the 6th meeting of the EU-Armenia Civil Society Platform, held on 1 April 2025, in Yerevan, <https://eu-armenia.am/english/f/6th-joint-declaration-of-eu-am-civil-society-platform>. This finding was confirmed during SIGMA's meetings with trade union and government representatives.

covered by the CSL that do not use the uniform data management system did not implement performance appraisals.²¹⁷

Staff performance appraisals largely comply with the basic requirements in the Principles and present interesting characteristics. The regulation on performance appraisals creates close links between organisational and individual performance.²¹⁸ Staff performance is assessed based on individual work plans which are introduced in the electronic document management system. The system allows tracking of implementation and the performance appraisal results are expressed in points (up to 100), instead of on a traditional scale with a limited number of levels. Performance evaluation combines assessment based on pre-defined objectives (90%) and assessment of competencies (10%).²¹⁹ Objectives are set using a bottom-up approach, where staff members propose objectives and discuss them with their managers. Evaluation interviews are compulsory. Performance appraisal results are linked to identifying training needs, awarding salary steps and determining the amount of semi-annual bonuses. They are also considered to establish the right of preference to remain in service in case of release from the position or termination of employment due to reorganisation or restructuring procedures.²²⁰ The employment of civil servants can be terminated if their annual performance evaluation is below a certain level.²²¹ In addition, the recent amendments to the CSL have introduced the possibility of promotions based on performance appraisal results, including to TPM positions.²²²

Performance assessment does not work well in practice. First, 99.6% of civil servants were rated above 80% (the regulations set the threshold of 60%, below which performance appraisal results are considered negative). Second, according to information collected in meetings with officials in Armenia, performance appraisals have become a formal exercise, emphasising the timely production of documents over the assessment of substantive contributions and results. Third, only 55% of public servants who responded to the SIGMA Survey of Public Servants on the functioning of public administration 2025 reported having discussions with their superiors about their performance. To address these issues, in 2025 the Government is piloting a new results-based performance appraisal system aligned with semi-annual priorities derived from the overall strategic priorities of the Government. The results of this pilot are yet to be seen. Nonetheless, 67% of respondents to the survey agreed that performance evaluation improves employees' performance in their organisation, and only 20% thought that underperformers usually stay in their organisations and continue to underperform.²²³ These values are remarkably better than the average survey results in Western Balkan administrations (49% agreed that evaluation improves performance and 42% thought that underperformers stay on and continue to underperform).²²⁴

²¹⁷ According to the interviews conducted by SIGMA, this is the case for the Ministry of Defence and the Ministry of Internal Affairs.

²¹⁸ CoM Decision No 1510-N, on the procedure of drawing up work plans, entering them into the electronic system, performance evaluation through that system and rewarding for performance, adopted on 20 October, 2011, with later amendments, Annex 1.

²¹⁹ *Ibid*, point 44.

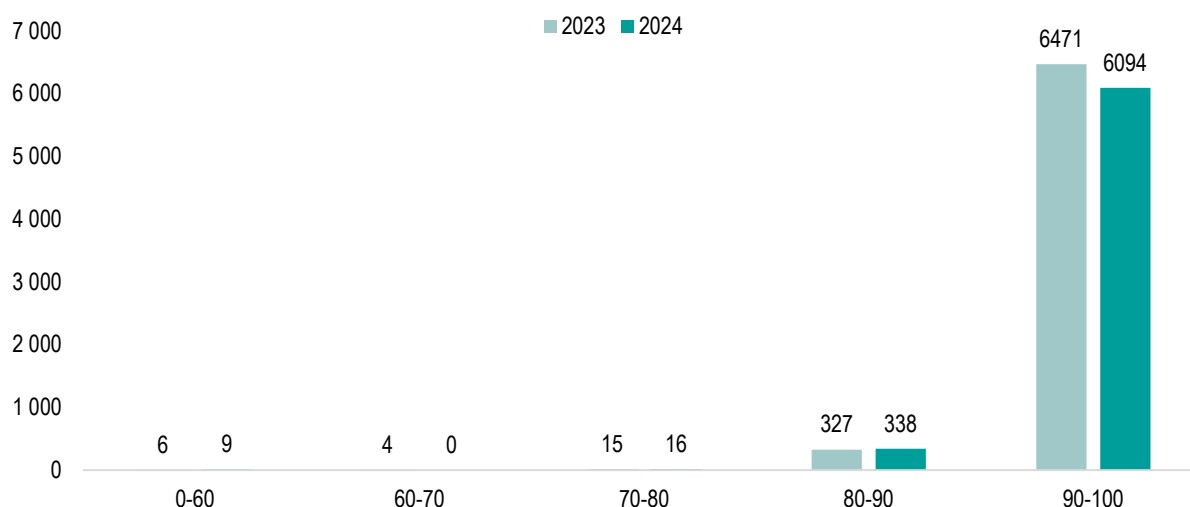
²²⁰ CSL, Article 19, paragraph 4; Article 23, paragraph 2.

²²¹ CSL, Article 37, paragraph 3.

²²² CSL, Article 14.1.

²²³ SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

²²⁴ SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024.

Figure 39. Performance appraisal results

Source: SIGMA analysis based on information provided by the administration.

While training is largely decentralised in governmental administration, the CSO retains specific co-ordination competences, including giving consent to training programmes planned by individual bodies, organising training related to competencies and monitoring the training results.²²⁵ Recent CSL amendments (effective from June 2025) empower the CSO to organise training for horizontal issues, which is a positive development.

The CSO performs a bottom-up training needs analysis through HRMIS to plan centralised training on competencies. In practice, it focuses primarily on the training needs of civil servants whose performance was rated below 90% of maximum points, who are obliged to attend this training.²²⁶ Given the high proportion of performance results above 90%, this obligation applies to a modest number of civil servants (363 out of 6 457 staff evaluated in 2024, or 6%). However, the actual participation in training related to competencies organised by the CSO was higher in 2024 (863 civil servants out of 6 708, or 13%).

These centralised training courses do not address the strategic needs of the civil service. Central training is offered onsite and through an e-learning platform. More flexible approaches to learning and development, such as networks and communities of practice that facilitate learning through collaboration, discussion and sharing, or personalised learning paths, are not yet implemented.

The CSO outsources the organisation of training on competencies, mainly to the Public Administration Academy, through tender procedures. It monitors the implementation of this training, but the monitoring is not comprehensive. For example, it is not mandatory for training organisers to survey participants on the quality of the training. The CSO does not monitor the implementation of decentralised training organised by public bodies, so the data on overall spending on training and participation were unavailable. Despite these limitations, 74% of managers in Armenia's central government administration who responded to the SIGMA survey perceived the training received by their staff as useful and relevant.²²⁷ The recent amendments to the CSL allowed the CSO, besides competency-based training, to organise professional

²²⁵ CSL, Article 19, paragraphs 2,3 and 8 ; Article 38, paragraph 3, point 7.

²²⁶ DPM Decision No. N 2-N on the training of civil servants, adopted on 9 January 2019, with later amendments, Form No. 3.

²²⁷ This figure relates to all training courses, not only to centralised courses. SIGMA Survey of Public Servants on the functioning of the public administration in Armenia 2025.

knowledge training related to horizontal topics.²²⁸ The formulation of secondary regulations limit this training to core support functions, such as financial management, HRM, internal audit, IT and digital.²²⁹

Decentralised training refers to areas specific to the work of a particular body.²³⁰ This training, should, as a rule, be based on needs identified through individual performance evaluations. However, the amendments to the CSL have introduced greater flexibility, allowing civil servants to participate in training related to their job descriptions and priority tasks of the public body.²³¹

CSL enables various forms of horizontal mobility for civil servants, including swaps, transfers and secondments.²³² It also establishes clear grounds for permanent mobility, which is not the case for temporary assignments.²³³ Performance appraisal results are considered when making mobility decisions. There is no portal to advertise vacant positions, which would facilitate horizontal transfers, and there are no regular reports or monitoring of these procedures.

Until 2025, promotions in the civil service were only possible as a result of internal competition. Since then, promotion procedures have been made more flexible and expedited, albeit at the expense of professionalism. Since the beginning of 2025, promotions have also been possible based solely on the results of performance appraisals, without a formal examination of candidates. In addition, recent amendments to the CSL (which entered into force in June 2025) cancelled the written part of the examination in internal competitions, leaving only the interview. When such competitions take place, political appointees may sit on selection panels, and this does happen in practice.²³⁴

Respondents to the SIGMA Survey of Public Servants on the functioning of public administration 2025, however, rated the influence of job performance in career progression as high, while factors such as support from family, friends, politicians and personal connections were perceived as less important. These results are statistically significantly better than the average results in Western Balkan administrations (Figure 40.).

²²⁸ CSL, Article 19, paragraph 2.

²²⁹ CSL, Article 19, paragraph 2, Form 10 attached to Decision of the DPM No. 2-N on determining the procedure for re-training of civil servants (...), as amended by Decision 384-N of 12 June 2025.

²³⁰ CSL, Article 19, paragraph 2.

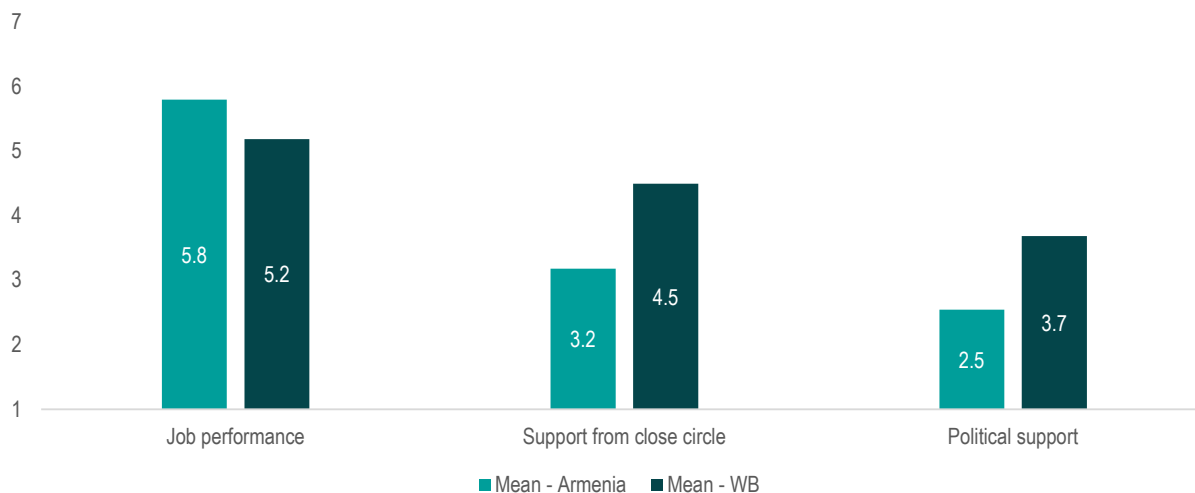
²³¹ CSL, Article 19, paragraphs 3 and 5.

²³² CSL, Article 12.

²³³ While the regulations in place set the procedural guarantees, they fail to establish grounds for temporary mobility, apart from one case, which is filling in temporarily vacant positions. CSL, Article 12, CoM Decision No. 1303-N on the procedure and conditions for holding positions by way of swap, transfer and secondment, adopted on 15 November 2018, as amended by the CoM Decision No. 755-N of 12 June 2025.

²³⁴ SIGMA analysis of selected recruitment files.

Figure 40. Public servants' perceptions on factors influencing career progression



Note: The mean of the valid responses to the questions: "Thinking about your career advancement in the public service, how important do you expect the following criteria to be for your advancement to better positions within the public service?": 1) Job performance; 2) Support from family, friends or other personal connections working in the public service; and 3) Support from a politician or someone with political links. The scale was from 1- Not important at all to 7- Very important.

Source: SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

Public administration does not actively promote positive action in favour of disadvantaged groups, except for gender-related awareness campaigns financed by donors.



Organisation, accountability and oversight

The organisation of the public administration is **efficient** and **effective** across all levels of government. Public administration bodies are **open** and **transparent** and apply clearly defined internal and external accountability mechanisms. Strong oversight bodies protect the rights of citizens and the public interest.

The Principles of Public Administration

- Principle 13** The organisation and management of public administration foster accountability, effectiveness and efficiency.
- Principle 14** Responsibilities are clearly distributed between levels of government, embracing the principle of subsidiarity and local autonomy, and facilitating inter-institutional co-ordination with effective oversight mechanisms.
- Principle 15** Public administration is transparent and open.
- Principle 16** The parliament, ombudsperson and supreme audit institution effectively scrutinise public administration.
- Principle 17** The right to good administration is upheld through administrative procedure, judicial review and public liability.
- Principle 18** A coherent and comprehensive public sector integrity system minimises the risks of corruption.

Summary and recommendations

Little progress has been recorded since 2018 in the field of organisation and accountability of public administration. The rationality and efficiency of the organisational setup of public administration remains the main source of challenges. The common problem across most policy areas in this domain is absence of clear policy direction and leadership, which affects both the quality of the legislative framework and its enforcement in practice.

The lack of clear policy direction and capacities to deliver long-overdue reform of the organisational setup for public administration have resulted in a **fragmented and inconsistent institutional landscape**. The possibility to delegate administrative functions to state-controlled bodies of private law is widely exploited to evade the management and accountability regime applicable to state administration (integrity rules, guarantees of open and competitive recruitment of staff and a transparent salary regime). Foundations and state non-commercial organisations are the most common vehicles used for this purpose.

The legal basis for multi-level governance in Armenia is relatively strong, but there is a **notable gap between legislation and practice**. Legislation is largely in line with European Union (EU) standards, including the principle of subsidiarity, elements of public participation and the possibility to establish inter-municipal co-operation. Municipal amalgamations¹ have increased the size of local units, strengthening their powers to a moderate degree.

On the other hand, despite a constitutional commitment to decentralisation and local self-government, Armenia has made **limited progress in strengthening local government autonomy**. Municipal amalgamations have increased the size of local units, but not their powers. Key deficits persist in competences, local government capacity, consultation, co-operation, oversight and HRM. In practice, inter-municipal co-operation²³⁵ has been completely neglected, as have mechanisms for citizen participation. **Consultation with communities and their national association prior to state decision making takes place only sporadically** on a case-by-case basis. **The external oversight system is fragmented**, appears to be underperforming, and needs to be systematised. Co-ordination among ministries on matters affecting local government has not been organised, and the development of a comprehensive strategy for local government reform remains pending. Overall, while legal frameworks exist, implementation remains weak.

The quality and clarity of the legislation on access to public information is questionable, with **no regulation on re-use of data and no open data portal in place**. However, the primary issue lies in the **lack of robust oversight** in this domain. Even the basic functions of monitoring and analysing administrative practice in handling public information requests are not performed, not to mention more ambitious tasks, such as auditing compliance with transparency rules among public administration bodies.

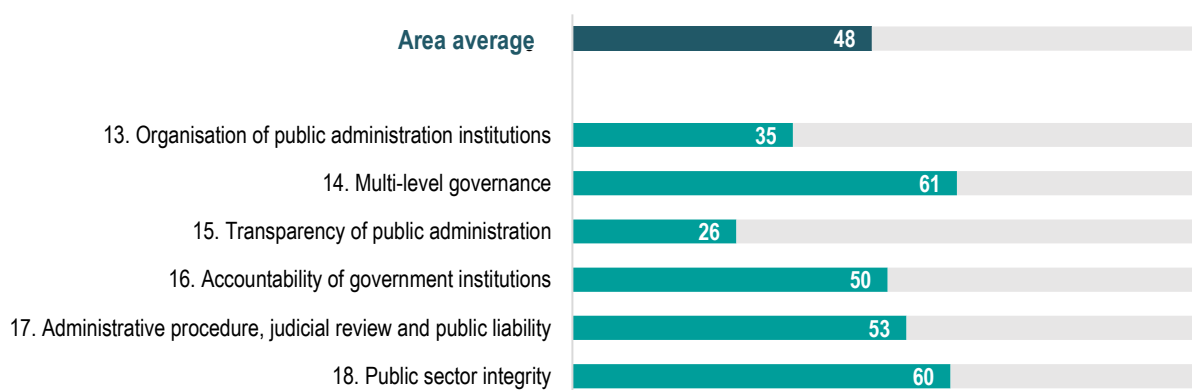
The oversight institutions (**Ombudsperson Institution and Supreme Audit Institution**) **enjoy relatively strong guarantees of independence** and extensive investigatory powers. However, their actual effectiveness in scrutinising public administration remains in question, as **neither institution has yet developed reliable mechanisms to monitor implementation of their recommendations**.

Thanks to codification of the procedural rights of parties to administrative proceedings and the extensive scope of judicial review of administrative actions and omissions, **the right to good administration is generally secured**. It should be stressed, however, that **there is no central monitoring of efficiency and quality of administrative decision-making**. Moreover, data on efficiency in handling cases by the administrative courts are increasingly worrying. No measures were undertaken to reduce the negative impact of the large and rapid influx of minor cases concerning traffic-related offences.

²³⁵ Chapter 12 of the draft Law on Local Self-Government prepared by the MTAI introduces provisions on inter-community and cross-border co-operation. With Council of Europe support, the Law on Inter-Community Associations is also being revised to define applicable forms of co-operation in Armenia.

Public integrity and anti-corruption policy stands out as an area where clear strategic direction and strong policy ownership is demonstrated. However, the overall performance in this field is undermined by insufficient coverage of anti-corruption measures, as well as flawed regulation of the sanctions for integrity violations. Furthermore, the **legislative framework on public integrity is incomplete**, with regulation of lobbying activities still missing.

Figure 41. Overall indicator values in the organisation, accountability and oversight area



Notes: Area average is a simple average of the principles within the area.

Overall, the existing legal framework, institutional set-up and related strategies and guidance are mostly in line with the Principles of Public Administration, while implementation practice and the corresponding results leave considerable room for improvement.

Figure 42. State of play in organisation, accountability and oversight by type of criterion



Note: This figure groups the results of the assessment by type of evaluated criteria, grouped into two groups: 1) legislation, strategy and institutions. 2) implementation and results. The percentages represent the ratio of actual points awarded to the maximum possible points under each of the criteria, calculated across all principles within the area.

Recommendations

1. The Government should review the bodies currently performing functions of public administration in atypical organisational forms (especially foundations, state non-commercial organisations and closed joint-stock companies) with the aim of integrating them into the general regulatory framework for state administration, or at least ensuring greater alignment with the rules of open and merit-based recruitment, transparent salaries and public integrity.
2. The Government should consider gradual transfer of key public service responsibilities to local governments.²³⁶ This process should be supported by appropriate financial resources and capacity-building measures to ensure effective implementation.
3. The Government, in partnership with local authorities, should support inter-municipal co-operation, including updating the legislation and providing financial and technical incentives to foster collaboration, particularly in smaller or less-capacitated municipalities.
4. The Government and the National Assembly should reform and streamline both internal and external oversight systems over local governments by adopting clear, proportionate, and efficient procedures in legislation.
5. The Government should legally mandate structured and timely consultation with municipalities and their national association.
6. The Government should modernise local government HRM by adopting relevant legal amendments that enhance local discretion, support professionalisation and align with national civil service legislation.
7. The Government should allocate responsibility and the necessary capacities to a body tasked with oversight of the transparency of public administration, promoting proactive transparency and open data, as well as leading the process of improving the legislative framework. This does not have to imply creation of a new institution, but aims to ensure strong policy ownership and clear direction.
8. The oversight institutions (Ombudsperson Institute and Supreme Audit Institution) should considerably improve mechanisms to monitor the responsiveness of public authorities to their recommendations, including databases of all recommendations, with their current implementation status.
9. The Government, in co-operation with governing bodies of the judicial system, should develop targeted measures to mitigate the impact of the rapid increase of workload on administrative courts. This may particularly involve revision of the legislative and procedural framework for handling minor cases (administrative offenses).
10. The Government, in co-operation with the Corruption Prevention Commission, should tighten up the legislation on public integrity and anti-corruption, especially by developing regulation of lobbying activities and extending the coverage of integrity standards to the management of state-controlled foundations, state non-commercial organisations and closed joint-stock companies, as well as improving effectiveness of sanctions for integrity violations.

²³⁶ Such key services would include primary healthcare, social services and environmental protection.

Analysis

Principle 13: The organisation and management of public administration foster accountability, effectiveness, and efficiency.

Major problems persist affecting the rationality and efficiency of the structure of central government administration, and there is no clear policy targeting them. The organisational landscape of government administration is particularly complex, with numerous public agencies operating outside the general regime of governance, human resource management (HRM), salaries and public integrity.

Indicator 13. The organisation and management of public administration foster accountability, effectiveness and efficiency		2025 indicator value	35/100
Sub-indicators		Points	
1. Clarity and coherence of official typology of central government bodies		0.5/10	
2. Effective mechanisms for keeping the organisation of public administration rational		0/10	
3. Strength of basic accountability mechanisms between ministries and subordinated bodies		6/8	
4. Strength of the accountability framework for promoting performance		1.8/15	
5. Number of public bodies subordinated to the parliament		6/8	
6. Autonomy of regulatory bodies according to the legislation		7.5/10	
7. Effective internal organisation		2/6	
8. Effective performance of public administration		2.7/6	
9. Delegation of decision-making authority within ministries		6.9/15	
10. Horizontal co-ordination in PAR areas		1.9/4	
11. Use of Total Quality Management (TQM) tools		0/4	
12. Level of focus on reducing the environmental footprint of public administration bodies		0/4	

The overall picture in the field of organisation of public administration has not changed significantly since the previous assessment, and SIGMA recommendations in this field were not implemented. Lack of progress might be attributed to the absence of clear policy ownership and strategic policy direction in the area of organisation of public administration.

While the relevant framework laws²³⁷ establish general rules of organisation and governance of public administration bodies, a large number of classical public agencies remain outside this regime. They operate in various forms of private law, briefly described in the table below. Even some of the core functions of government administration are executed by such bodies. For example, the tasks of the MoJ relating to drafting of the legislation in the field of judicial and legal reforms are performed by the Centre for Legislation Development, a foundation established by the Government, while the official database of normative acts is run by Official Bulletin, a state-owned closed joint stock company (CJSC). Responsibilities in the area of standardisation and metrology are assigned to the body functioning in the form of a CJSC.

²³⁷ Law on the Bodies of State Administration System of 23 March 2018; Law on Administrative Legal Relations of 23 March 2018.

Table 4. Types of non-ministerial bodies performing functions of government administration

Type		Key characteristics	Number of bodies*
Bodies formally recognised as part of the state administration system	Subordinated to the Government	<ul style="list-style-type: none"> Body operating within the unique legal personality of the state. 	11
	Subordinated to the Prime Minister	<ul style="list-style-type: none"> Integrated into the state administration system regulated by the Law on the Bodies of State Administration System, the Law on Administrative Legal Relations and the Law on Public Service. 	4
	Subordinated to the ministers	<ul style="list-style-type: none"> Recognised as part of the public service subject to regulations ensuring open and competitive recruitment, unified salary system and public integrity regime. 	17
Bodies not recognised as part of the state administration system, but performing its functions (atypical organisational forms of state administration)	State non-commercial organisation (SNCO)	<ul style="list-style-type: none"> Separate legal entities operating under private law. 	15
	Foundation	<ul style="list-style-type: none"> Not considered as a part of the state administration system, even if performing classical administrative functions. 	12
	Closed joint stock company (CJSC)	<ul style="list-style-type: none"> Exempted from legislation ensuring open and competitive recruitment, and the salary system for the state administration, as well as anti-corruption and public integrity measures (e.g. system of declarations of assets and income). 	4

Note: * With regard to atypical organisational forms, an estimated number of bodies performing functions of administrative nature is provided, excluding service delivery bodies (e.g. schools, health care units).

Source: SIGMA analysis of the relevant legislation and inventory of administrative bodies provided by the Government.

Atypical organisational forms make it possible to evade the general framework on recruitment, salaries and public integrity applicable to bodies recognised as part of state administration. This systemic inconsistency was identified by SIGMA during the previous assessment, but no progress has been made in addressing it. Moreover, in the recent period, new institutions of this special type have been created with no clear justification for excluding them from the general framework for public administration bodies.²³⁸

In addition, no major improvement was recorded with regard to strengthening ministerial control over the administration in their respective policy domains. All sectoral inspectorates²³⁹ remain accountable to the whole Government, not to relevant ministries. Some other single-sector public agencies (e.g. State Revenue Committee or Cadastre Committee) have the same institutional locus. This hinders ministerial capacities to enforce laws and policy priorities.

Another distinctive feature of the government administration is the existence of various committees that are formally subordinated to their respective ministries, but tasked with formulation of policies in the domain

²³⁸ For example, the SNCO National Center for Information Security and Cryptography.

²³⁹ There are six sectoral inspectorates: 1) Market Surveillance Inspection Body; 2) Urban Development, Technical and Fire Safety Inspection Body; 3) Food Safety Inspection Authority; 4) Education Inspectorate; 5) Environmental Protection and Subsoil Inspection Body; and 6) Health and Labour Inspection Authority.

of these ministries.²⁴⁰ There is no clear rationale or proven added value for keeping them outside the ministries instead of transforming them into ministerial departments.

The existing mechanisms of governance and supervision of public agencies only promote results-oriented management to some extent. Annual plans of public agencies, prepared according to a uniform model,²⁴¹ are formally approved by the portfolio ministries, as are financial allocations. However, these plans (and reports) concentrate on adjusting the workload (specific tasks) to the available workforce, rather than setting policy priorities and outcome-oriented targets. They serve more as a tool of HRM than performance management.

The rules of internal governance in the ministries moderately support managerial accountability. Deputy ministers, rather than professional managers, are responsible for co-ordinating policy areas, while the heads and deputy heads of subordinate bodies are political appointees. The position of secretary general is relatively strong, with most of the powers relating to internal management of the ministry assigned to this top civil servant. However, in the crucial area of recruitment, the minister retains the power of final signature when hiring the heads of ministerial departments. Furthermore, there are neither clear legal grounds nor practice of delegating the decision-making powers of the secretary general to lower-level officials. This creates an excessive burden for the secretaries general, especially considering that all ministries are relatively large organisations (at least 200 employees). In addition, managerial accountability is not sufficiently promoted through mechanisms of planning and reporting work in the ministries. Responsibility for delivering specific objectives and activities envisaged in the annual plans is not explicitly assigned to specific units of the ministry. The plans focus only on allocation of staff to the relevant tasks.

There is currently no designated central contact point for total quality management, no implementation of TQM tools has been reported. Additionally, no requirements or guidelines for calculating greenhouse gas emissions or other environmental impacts have been identified, and no central government bodies published data about their environmental footprint.

²⁴⁰ This is particularly the case of the Tourism Committee, but also to some extent the Committee on Higher Education and Science, the Language Committee and the Military Industry Committee.

²⁴¹ This model is regulated by the Decision of the Government of the Republic of Armenia on approval of the procedure for developing work programmes in the state administration bodies of the Republic of Armenia, entering work programmes into the electronic documentation system, approving them, assessing performance through that system and awarding them based on their performance of 20 October 2011.

Principle 14: Responsibilities are clearly distributed between levels of government, embracing the principle of subsidiarity and local autonomy, and facilitating inter-institutional co-ordination with effective oversight mechanisms.

The institutional framework for local governance has seen some progress, particularly following the adoption of the European Charter of Local Self-Government. A major municipal amalgamation reform reshaped the country's administrative map and created large-scale local governments, minimising fragmentation. Nevertheless, decentralisation has advanced at a slower pace, and the local self-government system is characterised by a moderate scope of competences, the absence of formal and systematic consultation with municipalities, under-utilised inter-municipal co-operation and citizen participation, and the fragmentation of administrative oversight mechanisms. There are no permanent co-ordination mechanisms among ministries concerning policies that affect local government, nor is there a comprehensive long-term strategy for local government reform aimed at strengthening the sector.

Indicator 14.1. Multi-level governance	2025 indicator value	61/100
Sub-indicators		Points
1. Legal guarantees for the establishment and functioning of local governments ensuring multi-level governance across the public administration		6/7
2. Ensuring political autonomy of local governments and the right to organise their administration and establish local entities		12/16
3. Rules and procedures for the administrative supervision of local government activities and decisions		10.1/16
4. Rules and institutional set-up for resolving conflicts of competences among levels of government		4/6
5. Co-ordination and co-operation are ensured between the local governments and the central government		9/12
6. The right to establish different forms of co-operation between local governments		6.5/13
7. Functions for which local governments assume responsibility		13.2/30

Armenia's territorial reform has successfully reduced the number of its municipalities (originally 915) into a streamlined structure of 71,²⁴² laying the groundwork for more effective local governance.²⁴³ This consolidated territorial structure eliminated most small-sized municipalities and **created larger-scale municipalities, similarly to the Western Balkans** (Figure 43.), resulting in an average size of local governments of 37 900 inhabitants.²⁴⁴ It also **empowered local governments with more competences**. However, significant work remains to strengthen local government capacities and functional responsibilities, enhance financial autonomy, and ensure consultation and co-ordination among levels of

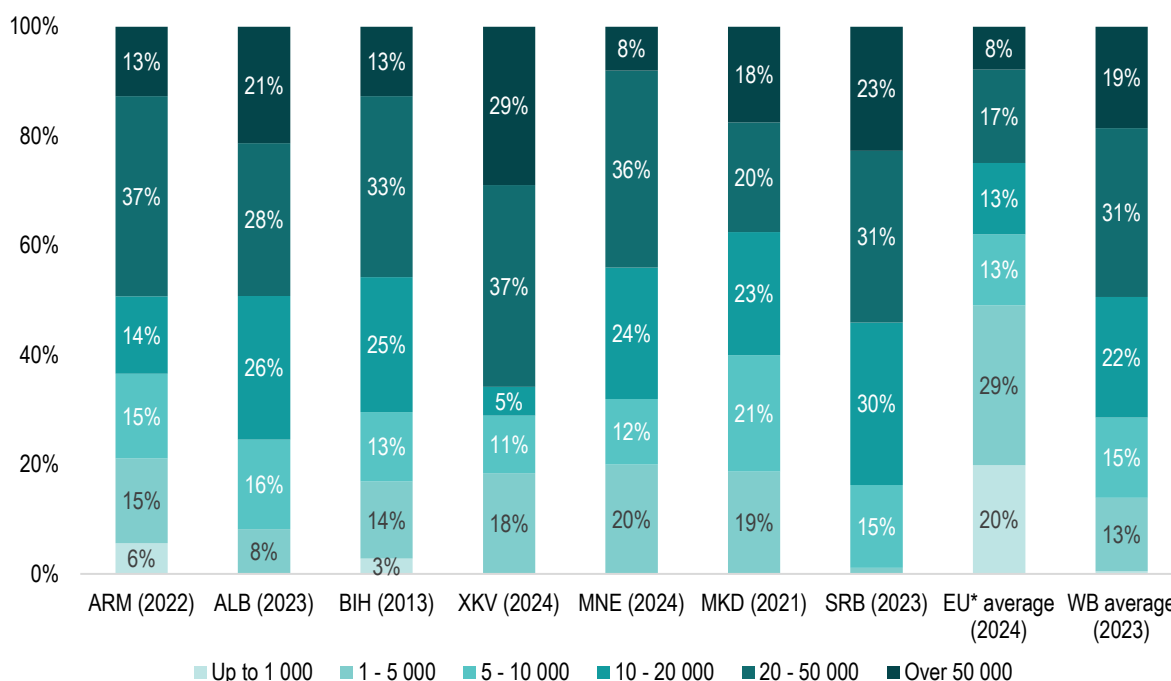
²⁴² The amalgamation process went through six stages, starting in 2015 and completed in 2022. Decentralisation Portal, Local self-government reforms in Armenia, <https://decentralization.am/en/news/local-self-government-reforms-in-armenia>.

²⁴³ The administrative territory of the Republic of Armenia consists of 10 marzes (regions) and the city of Yerevan (with 12 administrative districts), which are grouped into 71 communities (consisting of 1 002 settlements, of which 49 are cities), Statistical Committee of the Republic of Armenia, <https://www.armstat.am/en/?nid=82&id=2623>.

²⁴⁴ The EU27 average municipal size is 5 300 inhabitants, the OECD38 average municipal size is 10 430 inhabitants, and the Western Balkans average municipal size is 34 600. OECD (2024), Subnational governments structure and finance, OECD, Paris, <https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/subnational-finance-and-investment/subnational-governments-infrastructure-finance-2024.pdf>; Population Census 2022, Statistical Committee of the Republic of Armenia; National Statistical Offices of the Western Balkans administrations.

governments. Completing the ongoing legal reforms and adopting a comprehensive decentralisation strategy are essential next steps.

Figure 43. Population size of local governments in Armenia, the Western Balkans and EU average



Notes: EU* stands for BE, BG, CZ, DE, DK, EE, EL, FI, HR, HU, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK; EU countries omitted did not report populations for LAUs (e.g. France); Eurostat LAU concept.

Sources: National Statistical Offices of the respective administrations; <https://ec.europa.eu/eurostat/web/nuts/local-administrative-units>.

The European Charter of Local Self-Government, adopted in 2002, committed to strengthening local governance. Ratification of the Charter was expected to trigger a series of reforms that would strengthen the position of local governments. Armenia gradually accepted all articles of the Charter and in 2013 ratified the Additional Protocol to the Charter on the right to participate in the affairs of a local authority. Despite reforms such as community mergers and laws on citizen participation, the 2020 Council of Europe report highlights five key shortcomings: 1) **local governments still lack meaningful autonomy**; 2) inter-municipal co-operation is weak; 3) legal consultation mechanisms are absent; 4) administrative oversight is excessive; and 5) funding remains inadequate.²⁴⁵

This relatively weak performance on decentralisation reform has also been reflected in the study of the Local Autonomy Index (LAI) in Europe, solicited by the European Commission (Figure 44.). In Armenia, the index of local autonomy, which visibly increased in several countries of central and eastern Europe at the beginning of the 21st century, remained stable up to a slight increase after 2015, and it is considerably lower than the average for EU countries.

²⁴⁵ Congress of Local and Regional Authorities of the Council of Europe, Monitoring of the application of the European Charter of Local Self-Government in Armenia, Monitoring Committee, Strasbourg 2020: <https://rm.coe.int/monitoring-of-the-application-of-the-european-charter-of-local-self-go/1680a288a5>. The new Monitoring Report had not been published during the preparation of the SIGMA report.

Figure 44. Local Autonomy Index in Armenia, the Western Balkans and EU average



Note: The maximum possible LAI score is 37.

Sources: International Comparative Research on Local Autonomy, <http://local-autonomy.andreasladner.ch/>; Ladner, A. et al. (2019), Patterns of Local Autonomy in Europe, Basingstoke: Palgrave Macmillan, <https://link.springer.com/book/10.1007/978-3-319-95642-8>; Ladner, A., Keuffer, N. and Bastianen, A. (2021), *Self-rule index for local authorities in the EU, Council of Europe and OECD countries (1990-2020)*, European Commission, Brussels, https://ec.europa.eu/regional_policy/sources/policy/analysis/KN-07-22-144-EN-N.pdf.

The **Constitution guarantees local self-government as a foundation of democracy**, with a dedicated chapter defining the status of local governments and their responsibility to address community issues.²⁴⁶ However, it does not specify competences of local governments, leaving this to legislation. While the **Law on Local Self-Government (LLSG)**²⁴⁷ enshrines **subsidiarity** and **allows communities to take on additional tasks**, in practice their initiative is constrained by limited resources and state-imposed approvals.

Local government competences are classified into two main types: their own powers and those delegated by the state. Similarly, the responsibilities of communities are divided into mandatory and voluntary tasks concerning local public affairs.²⁴⁸ However, **there is no clear definition of local authorities' competences and delegated powers**, which may cause central and local governments to perform overlapping tasks, as well as a lack of accountability. Most local services are managed by the central level. All local governments share the same competences. **The scope of actually performed functions varies significantly across municipalities in accordance with their fiscal capacities**. Thus, poorer municipalities rely on the deconcentrated bodies of the central government for service provision.²⁴⁹

²⁴⁶ Constitution of Armenia, Article 9 and Chapter 9, Articles 179-190. Community is the term used in Armenian legislation for municipalities/local governments.

²⁴⁷ Law of the Republic of Armenia on Local Self-government, Art. 8, <http://www.parliament.am/legislation.php?sel=show&ID=1305&lang=eng>.

²⁴⁸ LLSG, Article 10, paragraphs 3-5.

²⁴⁹ World Observatory on Subnational Government Finance and Investment (SNGWOFI), Country Profiles, Armenia, https://www.sng-wofi.org/country_profiles/armenia.html.

Compared to other European countries, communities in Armenia appear to have a rather **moderate range of responsibilities** according to the legal framework (Table 5)

Notably, local self-government is not responsible for schools (except Yerevan) and hospitals and is usually incapable of offering a wide spectrum of social services. Some communities are responsible for water and wastewater management in their area, or/and for primary healthcare. Except for regulation, communities are responsible for waste management and also for parts of the transport system and preschool education. According to legislation, communities have some responsibilities for social assistance, cultural and recreational activities, environmental protection, urban development and construction supervision, but a **significant segment of local governments is in reality not capable of coping with the corresponding tasks.**

Table 5. Local government competences in Armenia compared to selected EU peers and the Western Balkan average

Service area	Armenia	WB average	EU peers for comparison
Police, fire and civil protection	•	••	••
Public transport (bus, railway, etc.)	•••	••	•••
Air pollution, soil and groundwater protection, climate protection	••	••	••
Waste management	•••	•••	•••
Water and wastewater management	••••	••••	•••
Social housing	•	•••	•••
Building permits and zoning	••	••••	•••
Urban planning and town development	••••	••••	•••
Primary healthcare and hospitals	••	•	•
Cultural and recreational activities	••	••••	•••
Pre-school education	•••	••	•••
Primary education		•	•••
Secondary education		•	•
Social care	•	••	••
Social assistance	•	••	•
Responsibility Level	Description		
	No responsibility		
•	1/4 partial responsibility		
••	1/2 shared responsibility		
•••	3/4 shared responsibility		
••••	Full responsibility		

Note: EU peers include the countries that responded to SIGMA's questionnaire on local government competences. They were selected based on geographical proximity, similar administrative structure and/or similar population size. These peers include Austria, Croatia, Czechia, Estonia, Greece, Poland, Portugal, Slovakia, Slovenia.

Sources: SIGMA Monitoring Reports (2024); SIGMA questionnaire to selected EU peers (2025).

In 2023, the Prime Minister signed the resolution on Approving the Concept of Decentralisation of Powers in the Republic of Armenia. It stipulates that the strategy for decentralisation of powers and the programme of measures arising from it will be developed by 2026. Work on elaborating a draft law to amend the LLSG began on 20 March 2024.

Even though amalgamations significantly increased the average size of municipalities, communities in Armenia display considerable differences in size and capacity. Inter-municipal co-operation is referenced in both the Constitution and the LLSG.²⁵⁰ In 2018, a special law was adopted on Intercommunity Associations. Currently, 23 communities participate in inter-municipal co-operation projects within the framework of a programme for democratic development funded by the Council of Europe, but there is neither a national policy nor financial incentives to support inter-municipal co-operation.²⁵¹ This is expected to change, and a new legal framework is already underway, which will be integrated as a special Chapter (No. 12. Inter-community and cross-border co-operation) in a new LLSG.

Legislation grants local governments the formal right to organise their administrative structures. However, in practice, any changes to staffing levels, structure or salary scales must be approved by the MTAI, limiting local organisational autonomy.²⁵² As of January 2025, approximately 5 500 employees worked in community service, with fluctuations linked to amalgamations and budgetary constraints. The Communities Association of Armenia has highlighted increased workloads and the need to improve professional capacity. While the draft revision of the LLSG proposes reducing state approvals, the current institutional framework remains fragmented.

Supervision of local governments is fragmented across various inspectorates, ministries and regional administrations.²⁵³ While regional authorities annually review 30% of municipalities, ministries conduct four to five inspections per community each year. A national oversight body under the Office of the Prime Minister has been created, with a draft law expanding its mandate to assess the legality and effectiveness of local decisions, including oversight of state budget transfers (which represent 4% of the national budget).

Internal control and performance of the community administration and its staff is legally entrusted to the Community Leader²⁵⁴ and the Secretary of Staff²⁵⁵, with the latter playing the main professional management role and reporting to the Council of Elders. External oversight is primarily carried out by regional governors under the MTAI. While their role includes legal and organisational supervision, they also apply expediency control, an approach that is controversial in decentralised systems because it allows central authorities to overrule local decisions based on policy preference rather than legality, undermining local autonomy. Governors can refer municipal acts to court for annulment via the MTAI, but only after giving communities 20 days to revise the decision. In certain cases, such as a prolonged lack of quorum, the powers of the Council of Elders may be terminated. Conversely, communities have the right to seek judicial protection if they believe oversight powers have been exceeded.

The MTAI holds overall responsibility for local governance, although its expanding portfolio has diluted its focus. While its Local Government Policy Division consults municipalities on draft laws, other ministries

²⁵⁰ Constitution of Armenia, Article 189; LLSG, Article 101.

²⁵¹ International donors, such as the Council of Europe, have provided funding for the establishment of inter-municipal co-operation projects, [Call for Proposals - grants for inter-municipal co-operation projects, Council of Europe Office in Yerevan](#).

²⁵² Regarding the establishment, modification or supplementation of the number, structure or salary scale of employees in community service positions, local governments refer the matter to the MTAI, which decides on making the corresponding changes or additions to the community service personnel register.

²⁵³ The territory of the Republic of Armenia is composed of ten marzes (regions) and Yerevan city (local government). Marzes are regional branches of the government. Marz governors implement the regional policy of the Government in areas established by the law and are accountable to the Government.

²⁵⁴ Constitution of Armenia, Article 182.4; LLSG, Art. 35.

²⁵⁵ LLSG, Article 33.

engage only irregularly. Mandatory consultation with local governments is not legally required – aside from community mergers or divisions – and municipal input rarely influences final decisions.

Participation of local government associations in state co-ordination bodies is limited and informal. There is no institutional mechanism to align central government policies with local governance. Concerning finance, the MTAI is responsible for co-ordinating with the Ministry of Foreign Affairs concerning the ordinary transfers from the state budget to the Communities, and the subventions for co-funded municipal projects are allocated by a board chaired by the Deputy Prime Minister. A new version of the LLSG, currently under discussion, is expected to address many of these systemic gaps and scattered steering of local government issues.

The Constitution guarantees political autonomy through direct elections of local councils for five years.²⁵⁶ Smaller communities (under 4 000 voters) use majority voting, while larger ones use proportional representation, with the council electing the community head.²⁵⁷ Although the legal framework provides for several mechanisms for citizen participation, such as local referendums and public hearings,²⁵⁸ these instruments appear to be out of practice; no referendums have occurred in the past four years.²⁵⁹

On the SIGMA Survey of Citizens on public administration 2025 in Armenia, conducted in March-April 2025, 50.42% of respondents reported high or moderately high trust in local government. At the same time, 46.49% of respondents indicated that the central government interferes too much in matters that should be handled by local authorities.²⁶⁰ This highlights both relatively strong public confidence in local governance and growing concerns about excessive central oversight.

²⁵⁶ Constitution of Armenia, Articles 7, 48 and 181.

²⁵⁷ Electoral Code, Article 104.1.

²⁵⁸ LLSG, Articles 8, 11, 14, 21, 24, 33 and 84.

²⁵⁹ Congress of Local and Regional Authorities of the Council of Europe, Monitoring of the application of the European Charter of Local Self-Government in Armenia, Monitoring Committee, Strasbourg of 12 February 2020, <https://rm.coe.int/monitoring-of-the-application-of-the-european-charter-of-local-self-go/1680a288a5>.

²⁶⁰ Among which 35.46% strongly agree and 11.03% tend to agree.

Principle 15: Public administration is transparent and open.

Deficits of the legislative framework and institutional setup, along with absence of oversight of compliance with transparency standards, remain the major challenges to securing an effective right of access to public information. Lack of strong policy ownership and direction hinders progress in this field.

Indicator 15. The public administration is transparent and open	2025 indicator value	26/100
Sub-indicators		Points
1. Strategic and institutional set-up for transparency		0/10
2. Individuals and legal persons who have the legal right to access public information		4/6
3. Definition of public information		0/6
4. Easiness of requesting access to public information		3/15 ⁱ
5. Effective remedies for denial to access public information		3/15 ⁱ
6. Effective supervisory authority of the right to access public information		0/9
7. Legislation about preservation and management of documents and data keeping		4/10
8. Open Data Portal and re-use of public information		2/15
9. Proactivity in disclosure of information and data by state administration bodies		7.6/10
10. Perceived government transparency of public information by the population and businesses		2/4

ⁱ Data not available or not provided for all criteria.

The right of access to public information is secured by the Law on Freedom of Information (LFI),²⁶¹ which is not fully compatible with international standards in the field. As confirmed also by the Council of Europe's assessment²⁶² of the implementation of the Tromsø Convention,²⁶³ the LFI lacks sufficient clarity in defining the information subject to disclosure, as well as the bodies that fall under the transparency regime.

In particular, the information subject to disclosure is defined as "data on a person, subject, fact, circumstance, event, reality, matter received and formed as prescribed by the legislation, irrespective of the form of possession or tangible media thereof (text documents, electronic documents audio and video recordings, photographic films, drawings, schemes, notes, maps)".²⁶⁴ This definition does not fully cover all information recorded in any form, drawn up or received and held by public authorities, as it is confined to information "received and formed as prescribed by the legislation". It may serve as a ground for restricting access to information obtained or held by the public bodies without explicit authorisation in the law.

²⁶¹ Law on Freedom of Information of 23 September 2003.

²⁶² Council of Europe, *Baseline Evaluation Report on the implementation of the Council of Europe Convention on access to official documents (CETS No. 205 – Tromsø Convention): Armenia*, March 2025.

²⁶³ Council of Europe Convention on Access to Official Documents of 18 June 2009, <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/205>.

²⁶⁴ LFI, Article 3.

What is even more problematic, the LFI fails to ensure sufficient subjective coverage of the transparency requirements. The scope of this law extends to state and local self-government bodies, state institutions and organisations financed from public budgets, as well as public interest organisations and their officials. Public interest organisations are further defined as non-governmental organisations that have a monopoly or a leading role in the goods market, as well as those providing services to the public in the spheres of health, sport, education, culture, social security, transport, communication and communal services.²⁶⁵ This definition does not explicitly and clearly guarantee that all bodies exercising public authority are considered as information holders. Moreover, this definition does not ensure that all atypical forms of public administration mentioned under Principle 13 are included.

Finally, while the catalogue of legitimate restrictions in access to information remains largely compatible with international standards, limiting access to “data requiring restriction of accessibility, conditioned by professional activity (medical and notarial secrecy, attorney-client privilege)”²⁶⁶ raises some concerns. It is clear that various types of professional secrecy deserve protection. However, this formulation is too vague and extensive, opening the possibility to restrict access to information beyond professional secrecy. It should be also noted that amendments made in 2023 to the Law on State Secrets may serve as additional grounds for excessive limitations in access to information. The amendments introduced the notion of “information of limited distribution” that is not classified as a state secret but still might be restricted in access, based on some additional grounds not listed in the LFI.²⁶⁷

In practice, it should be noted, however, that some important datasets (e.g. public statistics, procurement data, company and real estate registers, and results of the elections) are already available online. Citizens may also access consolidated versions of the legislation, as well as basic planning documents of the Government.

However, the overall picture of openness and transparency in practice is less optimistic. There is no open data portal in place and no access to real-time and dynamic data in basic domains (air quality data, live weather data, transport and traffic information). It needs to be also underlined that the LFI and other acts fail to regulate re-use of public information. SIGMA’s review of websites of all ministries reveals problems with access to major planning and reporting documents, as well as to information on individual salaries of senior managers. According to the SIGMA Survey of Citizens on public administration 2025, the majority of citizens feel that the Government sometimes intentionally withholds important information from the public that it could safely release.

There is no central monitoring of performance of public institutions in the field of transparency. Some basic statistical data on processing public information requests have to be published on the websites of public authorities, but not all authorities comply with this obligation,²⁶⁸ and these data are not subject to aggregation and analysis. There is no body actively monitoring the situation in the field and promoting high standards of transparency of public institutions and no analysis of judicial practice in handling appeals against restricting access to information. Therefore, it is not clear whether the courts ensure fast and effective review of administrative actions in this field.

Persistent shortcomings in the legislation and the enforcement of transparency standards demonstrate a lack of policy ownership and direction. Recent developments serve as good illustration of this problem. Instead of revising the LFI, the Government decided to develop a parallel draft Law on Public Information

²⁶⁵ LFI, Article 3.

²⁶⁶ LFI, Article 8.

²⁶⁷ Article 3 (2) of the Law on State Secrets of 13 December 1996.

²⁶⁸ According to a review conducted by the non-governmental Freedom of Information Centre of Armenia, 21 out of 28 central government bodies (ministries and subordinated bodies) published relevant statistics for 2024, <https://foi.am/en/researches/38296>.

(prepared by the Ministry of High-Tech Industry) regulating the same subject (access to public information), but providing a separate procedure for access and additional regulation on proactive transparency. It is not clear what the relationship will be between the two laws, and regulating the same matter in two separate laws will result in numerous practical challenges.²⁶⁹

Principle 16: The parliament, ombudsperson and supreme audit institution effectively scrutinise public administration.

Although guarantees of the independence of the oversight institutions (Ombudsperson Institution and Supreme Audit Institution) are established in the legislation, their effectiveness in holding public administration accountable and eradicating maladministration cannot be reliably evaluated, as neither body has in place a comprehensive system for tracking implementation of their recommendations.

Indicator 16. Effectiveness of scrutiny of public authorities by independent oversight institutions	2025 indicator value	50/100
Sub-indicators		Points
1. Parliamentary oversight of the government		4.1/9
2. Parliamentary support to the ombudsperson and the supreme audit institution (SAI)		8/12
3. Independence of the ombudsperson, capacities, and public trust		5/13
4. Requirements for the person appointed to the ombudsperson position		3/6
5. Mandate and powers of the ombudsperson		7/8
6. Implementation of ombudsperson recommendations		2/13
7. Independence of the state audit institution (SAI)		10.1/12
8. Capacities of the supreme audit institution (SAI) and public trust		3.9/9
9. Mandate and powers of the supreme audit institution (SAI)		7/7
10. Implementation of supreme audit institution (SAI) recommendations		0/11

Formal independence of oversight institutions is enshrined in the legislative framework²⁷⁰, recognised through international accreditation²⁷¹, and accompanied by an extensive mandate and clearly identified investigative powers of these bodies. However, some detailed aspects of the status of these institutions are not regulated in full accordance with international standards. The limit on staff numbers, along with the classification of job positions for the Ombudsperson Institution (but not for the SAI), is subject to approval

²⁶⁹ Representatives of the Government explained that the decision to develop parallel regulation was made due to concerns expressed by civil society organisations about potential revision of the LFI. In particular, the organisations were worried that necessary modernisation of the LFI might be taken by lawmakers as an excuse to extend restrictions in access to information.

²⁷⁰ Law on Human Rights Defender of 16 December 2016; Law on the Audit Chamber of 16 January 2018.

²⁷¹ The Ombudsperson is accredited with “A” by the GANHRI Accreditation Sub-committee assessing compliance with the Paris Principles: https://ganhri.org/wp-content/uploads/2025/06/Accreditation-Status_Chart_Jun2025.pdf.

of the Prime Minister²⁷² which constitutes a clear and explicit violation of the required HRM autonomy of this body.

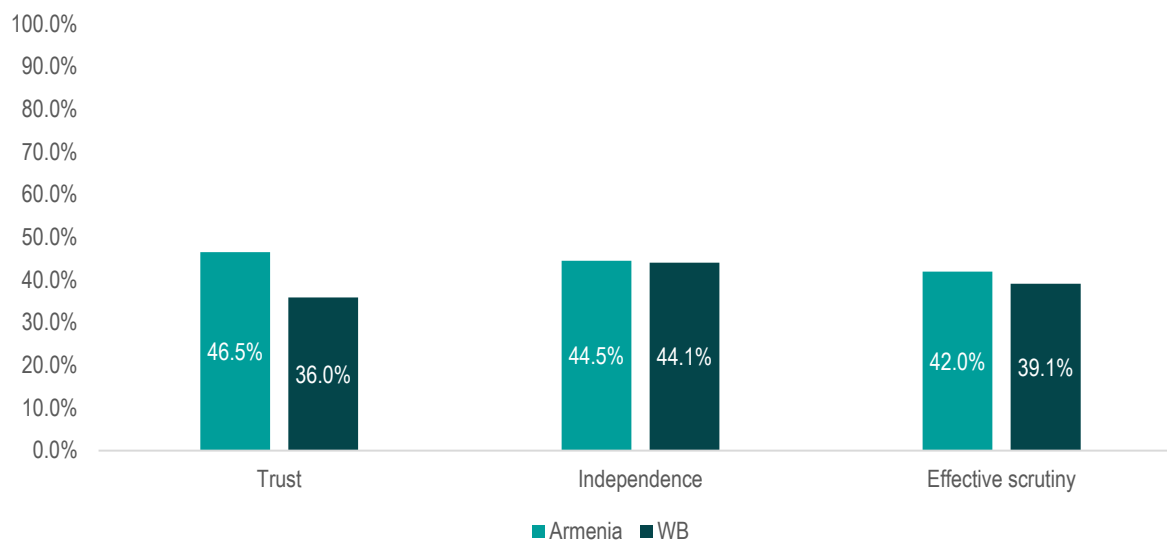
Furthermore, enforceability of the investigative powers of the Ombudsperson is questionable, as is the right to obtain responses to their recommendations. The body which receives the recommendation is obliged to inform the Ombudsperson in writing on the measures undertaken within the shortest possible time, but no later than within 30 days. In the case of lack of response, the Ombudsperson may publish through mass media special information on the authority and the specific official who did not respond to the recommendation or who failed to implement the measures envisaged by the recommendation. It may also report to the superior body. However, apart from this "public shaming" tool, there are no other measures ensuring enforceability of the obligation of public authorities to provide a response, such as disciplinary measures for responsible officials. On the other hand, it should be stressed that the Ombudsperson Institution did not report any major obstacles in performing its mandate.

Bearing in mind these gaps in the legislative framework, it should be emphasised that the major problem of the Ombudsperson Institution is the lack of a fully-fledged mechanism to assess its effectiveness in scrutinising the Government and tackling maladministration. There is no system providing comprehensive data on status of recommendations in individual cases, e.g. progress in implementation, reasons of non-compliance, necessary further actions and timelines. The Ombudsperson does not generate statistical summary of the implementation of recommendations in individual cases. Implementation of systemic recommendations formulated in the annual reports of the Ombudsperson is evaluated without any methodological guidance and criteria. The institution is at an early stage of developing a more advanced system for tracking implementation of systemic recommendations. More detailed data are available only for recommendations issued by the Ombudsperson in their capacity for the National Preventive Mechanism, and those data demonstrate a low level of responsiveness from public authorities.²⁷³

Citizens' perceptions of the capacities of the Ombudsperson Institution to scrutinise the government correspond with the above-described challenges. The majority of the population is concerned about the effectiveness of this body, and fewer than half of the respondents to the SIGMA Survey of Citizens on public administration 2025 consider it to be independent and trustworthy.

²⁷² According to Article 36 of the Law on Public Service, the Prime Minister determines the maximum number of positions in the bodies of state authority, including the Ombudsperson Institution. The maximum number of positions in the staff of the Human Rights Defender is determined by the Decision of the Prime Minister No. 706-A of 11 June 2018.

²⁷³ As reported by the Ombudsperson, the majority of recommendations issued within the framework of the National Preventive Mechanism have not been implemented. Only 46 out of 368 recommendations were considered implemented (12.5%). Implementation of 170 recommendations was assessed as partial, and 152 recommendations were not implemented.

Figure 45. Results of the SIGMA survey on the Ombudsperson Institution

Source: SIGMA Surveys of Citizens on public administration in Armenia conducted in March-April 2025 and in the Western Balkans in 2024.

The SAI is in the process of developing a system for tracking implementation of its recommendations, but as for the Ombudsperson Institution, no data are currently available on the number of recommendations issued, implemented and rejected or ignored by the public authorities. In the assessed period, the SAI also faced challenges of another nature. It has been encountering significant delays and constraints in accessing the premises, documents and information necessary to conduct audits. Recent amendments to the Law on the Audit Chamber are expected to solve these problems. To conduct its audits, the SAI is now granted free and open online access to documents and necessary databases maintained by the Republic of Armenia and local self-government bodies. Furthermore, it can now access legally protected information relevant to the audit of public property.

Good co-operation is established between the Ombudsperson and the Parliament. The annual report of the Ombudsperson is presented in plenary session of the legislature, and representatives of the Ombudsperson Institution regularly participate in the meetings of relevant parliamentary committees. The Institution is also active in the legislative process. In 2024, it analysed over 170 legislative proposals and provided nearly 226 comments or suggestions. According to the Ombudsperson, two-thirds of these recommendations were accepted.

Principle 17: The right to good administration is upheld through administrative procedure, judicial review and public liability.

Minimum standards of good administrative behaviour are secured in the legislation regulating administrative procedures. However, there is no central monitoring of performance of public authorities in handling administrative matters, and no adequate measures to sanction administrative wrongdoing.

Indicator 17.1. Due process and good administrative behaviour when conducting administrative procedures and applying public authority		2025 indicator value	45/100
Sub-indicators		Points	
1. Due process in the legal framework regulating administrative procedures		14/30	
2. Timeliness of administrative procedures		10.7/20	
3. Public perception of the lawfulness and impartiality of administrative procedures		1.6/6	
4. Business perception of the consistency and impartiality of conducting administrative procedures		3.3/6	
5. Functioning of administrative appeal		1/10 ⁱ	
6. Monitoring the effectiveness of administrative procedures		7/18	
7. Legal framework and application of the public liability regime		7/10	

ⁱ Data not available or not provided for all criteria.

The Law on the Fundamentals of Administration and Administrative Procedure²⁷⁴ provides basic guarantees of the right to good administrative behaviour that are also applicable in the specific procedures analysed by SIGMA. In particular, the parties of the procedures are provided with the right of access to files. There are detailed standards for the content of the administrative acts, requiring authorities to provide the legal basis and both the factual and legal justification for the decisions. The right to appeal against administrative acts, including against inaction of the administration is guaranteed.

However, the framework law on administrative procedure falls short in promoting more advanced and modern solutions contributing to good administration. In the administrative services SIGMA analysed, the once-only principle is not explicitly articulated and not implemented through specific procedural arrangements. There are no regulations enabling electronic submissions in administrative proceedings.

There is no body with general responsibility for monitoring administrative procedures and fostering their efficiency. Some basic statistical data on individual procedures are available, but only for procedures conducted by a single authority. For example, data on processing applications for work permits for foreigners are available because these cases are handled exclusively by a specialised public agency, the Migration and Citizenship Service.

Constitutional principles of the right to compensation for administrative wrongdoing are safeguarded by two parallel procedures for seeking compensation. Relevant regulations of this matter are provided in the Civil Code and the Law on the Fundamentals of Administration and Administrative Procedure, the latter governing matters relating to compensation for damages by administrative bodies.

²⁷⁴ Law on the Fundamentals of Administration and Administrative Procedure of 18 February 2004.

The regulations of the Civil Code lack sufficient clarity in terms of a crucial aspect of the procedure, determining the illegality of the administrative action or omission providing grounds for seeking compensation. There is no clear guidance on whether a final court decision repealing an administrative act constitutes sufficient grounds for lodging a public liability claim.

The procedure regulated in the Law on the Fundamentals of Administration and Administrative Procedure provides more specific criteria and more detailed procedural guidelines. It requires the party to first submit the claim first to the administrative body that caused the damage, before initiating the judicial proceedings.

Lack of monitoring of administrative and judicial practice in public liability cases hinders the assessment of the situation in this field. While there is some evidence of functioning of the liability regime in judicial practice, the procedural effectiveness and impact of it on eradicating maladministration cannot be reliably evaluated.

Effective and fair handling of administrative judicial disputes

While an extensive right to judicial review of administrative actions and omissions is formally guaranteed, in practice, the escalating efficiency issues in the administrative courts of first and second instance have had a negative impact on ensuring access to administrative justice.

Indicator 17.2. Effective and fair handling of administrative judicial disputes		2025 indicator value	61/100
Sub-indicators		Points	
1. Access to independent administrative justice		11/15	
2. Perceived independence of the judicial system by the population (%)		1.7/10	
3. Perceived trust in the judiciary by the population (%)		3.2/10	
4. Functioning of administrative justice		27/35	
5. Clearance rate in administrative courts (%)		3.5/10	
6. Calculated disposition time of administrative cases		14.6/20	

The single first-instance Administrative Court (AC) is accessible for challenging both administrative actions and omissions. Although access to administrative justice is not hindered for most applicants by court fees set at moderate levels compared to the average salary in the country, the legislation does not enable individual exemptions from court fees based on the material situation of the applicant.

The right to legal aid is guaranteed, including the right to seek professional advice in the preparation of claims, applications, complaints and other legal procedural documents, and also the right to legal representation before the court. Furthermore, applicants are reimbursed for their costs if they win the case against the public administration.

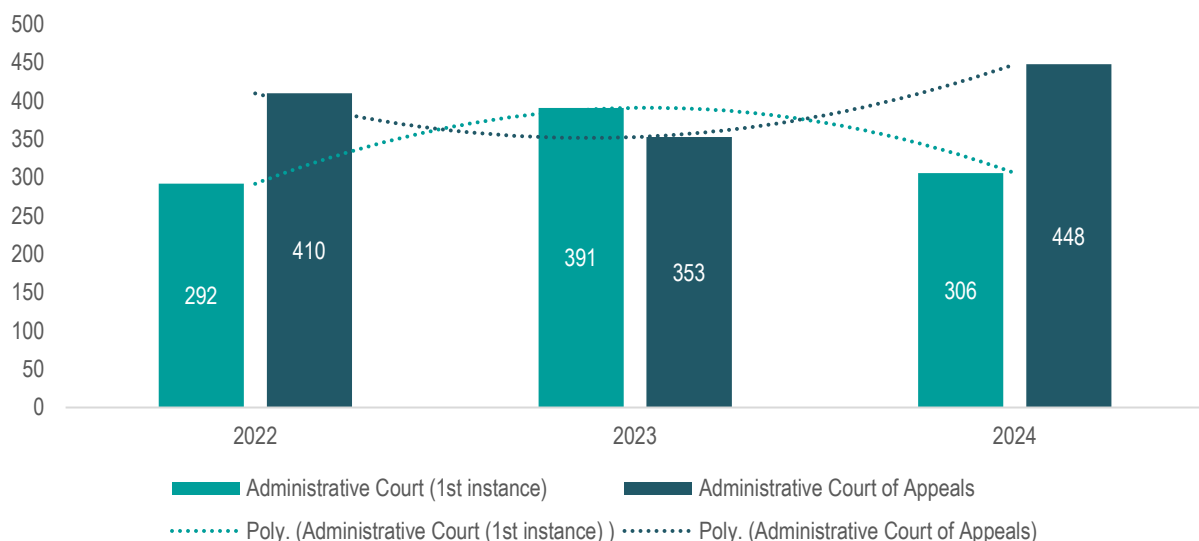
The AC has a broad mandate to issue various types of decisions, ranging from declaring the administrative act invalid in whole or in part, declaring the decision to refuse adoption of the requested administrative act by the administrative body invalid and obliging the administrative body to adopt that administrative act, to obligating public authorities to perform certain actions or refrain from performing them. Decisions of the first instance court may be appealed to the higher court without procedural restrictions.

Basic organisational and technical preconditions for smooth functioning of administrative justice are provided, including sufficient personnel supporting judges. Each administrative judge is assisted by one clerk and one legal assistant. Annual training programmes are adopted by the Justice Academy, and

contain modules are addressed to the administrative judges. The electronic case management system is at a basic level of development, enabling registration of all events in cases, searching for cases or checking the current workload of an individual judge. However, the system does not contain all documents of the cases, does not generate alerts relating to deadlines and necessary actions of the court, and does not support formulation of judicial decisions. Furthermore, it does not serve as a source of data for preparation of the regular reports on the judicial performance.²⁷⁵

The main challenge for the administrative justice system is ensuring the right of citizens to have their cases resolved in a reasonable time, especially considering both first- and second-instance courts. In 2022, the AC needed 292 days (on average), which was the exact median for all Council of Europe countries.²⁷⁶ However, due to a large influx of new cases in the following years (an increase of over 130%), the current disposition time in the first-instance courts clearly exceeds the European median. The situation is worse in the Administrative Court of Appeal. In 2022, the disposition time in the court was already nearly double the European median. In 2024, it reached nearly 15 months. Considering historical data since 2012 from the European Commission for the Efficiency of Justice (CEPEJ), the current performance of Armenia's administrative courts is at an all-time low.

Figure 46. Calculated disposition time (days) in the Administrative Court and the Administrative Court of Appeal



Sources: Data provided by the Judicial Department (2023-2024); CEPEJ (2024), Council of Europe, European judicial systems CEPEJ Evaluation Report 2024 Evaluation cycle (2022 data), Country Report: Armenia, <https://rm.coe.int/armenia/1680b1df34>.

In these circumstances, the absence of an effective procedure to seek compensation for excessive length of the judicial proceedings is becoming particularly problematic, as is the lack of a clear plan to tackle the efficiency issues. The reasons for the current challenges, including the significant increase in the number of cases, are well known and have been previously identified within the system. The bulk of the new

²⁷⁵ On 25 August 2025, the Ministry of Justice launched a new electronic system for administrative proceedings. This platform is to enable citizens, lawyers and all public authorities to file claims, appeals and cassation complaints entirely in digital form, thus addressing some of the functional shortcomings identified by SIGMA.

²⁷⁶ Council of Europe, European judicial systems CEPEJ Evaluation Report 2024 Evaluation cycle (2022 data), online: <https://rm.coe.int/cepej-evaluation-report-part-1-en-/1680b272ac>.

workload involves complaints against sanctions for traffic-related offences. During previous SIGMA assessments, the courts faced exactly the same challenges, which then were mitigated by a one-off amnesty for some traffic-related administrative offences. An amnesty introduced in 2018 temporarily solved the problem, but these kinds of incidental measures cannot be considered effective in longer run.

Principle 18: A coherent and comprehensive public sector integrity system minimises the risks of corruption.

Efforts towards public integrity are supported by extensive legislation and a strategic framework. However, in addition to the lack of regulation on lobbying activities, the effectiveness of the public integrity system is hampered by insufficient coverage of the obligations and restrictions aiming to prevent corruption. Some people in positions with increased risk of corruption in state administration, as well as managers of state non-commercial organisations, state-controlled foundations and companies, are not subject to crucial public integrity mechanisms, such as declarations of assets and income.

Indicator 18. Anti-corruption and public integrity		2025 indicator value	60/100
Sub-indicators		Points	
1.	Strategic framework for public integrity	5.1/10	
2.	Comprehensiveness of corruption offences and sanctions	7/10	
3.	Communication and enforcement of rules and values for ethical conduct of public officials	7.7/8	
4.	Protection of whistleblowers and open organisational culture	6.9/10	
5.	Avoidance and management of conflict-of-interest situations and unjustifiable wealth	13/15	
6.	Transparency and integrity of lobbying activities	0/10	
7.	Effectiveness of integrity risk management and control systems	2.7/10	
8.	Fairness and timeliness of handling integrity violations	3/6	
9.	Interagency collaboration and public communication	2/7	
10.	Experience with bribery in the public sector	10/10	
11.	Public trust in the civil service	2.2/4	

The basic legislative pillars of the anti-corruption system are in place, except for regulation of lobbying activities. This system includes regulation of all types of corruption-related offences, rules for processing whistleblowers' reports, standards on assets and income declarations, and rules on managing conflicts of interest, accepting gifts and benefits by public officials, as well as post-employment restrictions applicable to former public officials.

Thanks to wide access to statistical data on investigating and prosecuting corruption-related offences, the practice in this area can be monitored, with the exception of disciplinary liability in the public service, where data on practice are not aggregated at the central level. However, the coverage of public integrity requirements and some qualitative shortcomings of the regulatory framework pose a continuous challenge.

First of all, the subjective scope of various anti-corruption measures does not cover all key public managers. For example, the obligation to submit asset declarations does not apply to the leadership of foundations, state non-commercial organisations or closed joint-stock companies controlled by the state

and performing administrative functions. Only recently, the Law on Public Service was amended²⁷⁷ to open some possibility to demand declarations of assets and income, interest and expenditure from the heads of the state non-commercial organisations and foundations established by the state, as well as companies controlled by the state. However, they were not obligated to submit declarations upon taking the relevant positions and leaving them or on an annual basis. According to the revised Law on Public Service, the Corruption Prevention Commission (CPC) can request submission of a so-called situational declaration on an ad hoc basis, based on the grounds indicated in Article 25.1 of the Law on the Corruption Prevention Commission. So far, no cases of application of this procedure have been reported.

Furthermore, even within the state administration bodies generally included in the public integrity system, not all public employees in high-risk positions are required to submit declarations. For example, not all the members of evaluation committees in public procurements conducted by public authorities are subject to this obligation. Only members who are in top positions in the institution (e.g. secretary general, minister) are required to report on their material status.

The CPC developed some mechanisms for risk-based selection of declarations for verification. On an annual basis, it determines the group of positions or types of public authorities that should be prioritised in analysis of declarations. However, more detailed methodology and criteria for identifying public officials with higher corruption risks is not in place.

Gaps and inconsistencies affect the system of sanctioning violations of public integrity rules. Sanctions for breaches of conflict-of-interest and post-employment rules do not apply to persons holding political office. Moreover, the mechanism of sanctioning other officials for violation of post-employment rules is not effective. The Law on Public Service stipulates that failure to comply with these rules shall entail disciplinary liability. However, this sanction is not effective in the case of officials who are no longer in the public service.

There is a good awareness among key actors in this field (especially the MOJ and the CPC) of the current shortcomings, with clear intention to fix them. The fifth Anti-Corruption Strategy, adopted in 2023 along with a corresponding Action Plan (2023-2026), also demonstrates strong policy ownership and a commitment to improving the public integrity infrastructure. However, in addition to the above-discussed problems, implementation of the strategy also faces challenges. In 2024, only slightly more than half of the planned actions were fully implemented.

²⁷⁷ Law on Amendments and Changes to the Law on Public Service of 7 December 2022.



Service delivery and digitalisation

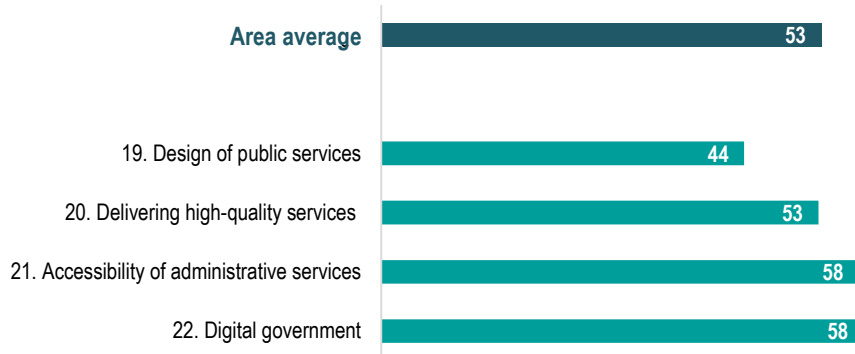
The public administration places **users at the centre** and delivers high-quality and easily **accessible services** online and offline to all people and businesses. Digitalisation enables data-driven decisions, effective and efficient processes.

The Principles of Public Administration

- Principle 19** Users are at the centre in design and delivery of administrative services.
- Principle 20** The public administration delivers streamlined and high-quality services.
- Principle 21** Administrative services are easily accessible online and offline, taking into account different needs, choices and constraints.
- Principle 22** Digitalisation enables data-driven decisions and effective, efficient and responsive policies, services and processes in the whole of government.

Summary and recommendations

Figure 47. Overall indicator values in the service delivery and digitalisation area



Notes: Area average is a simple average of the Principles within the area. Indicator 22, Digital government, is the weighted average of Indicator 22.1, Digital government readiness and maturity (weight = 75%) and Indicator 22.2, Digital government tools (weight = 25%).

Armenia has made notable progress in digitalising public services since the last SIGMA assessment in 2019, but gaps remain in the strategic framework for improving over-the-counter service delivery. The Public Administration Reform (PAR) Strategy 2023-2025 includes service delivery goals, but it lacks a comprehensive framework for physical services. While digital transformation is advancing, the quality and accessibility of over-the-counter services are not systematically addressed, and no central institution is clearly responsible for their improvement. The strategy's internal logic and data-based problem diagnosis are also weak, limiting its effectiveness.

User-centric design is gaining traction through digitalisation and innovative life-event projects, but broader engagement and burden-reduction mechanisms are still limited. The Information Systems Agency of Armenia (ISAA) is leading 12 pilot projects to redesign services using life-event integration methodology, for events such as starting a business, having a baby or registering a car. These efforts mark a shift toward a user-centric approach. However, reducing administrative burdens is not a standard regulatory requirement, and ISAA's methodology for analysing the economic and social impacts of digitalising services has yet to be adopted across ministries.

Service standards are in place for digital services, but quality commitments and performance monitoring remain absent. The online portal (<https://hartak.am>) provides standardised service descriptions, including several aspects, such as legal deadlines, steps of the procedure and required documents. However, publication of concrete quality commitments is missing. Thus, users are not informed in advance what level of quality and accessibility of services they can expect. A common methodology of user satisfaction measurement tool (based on QR codes sent by e-mail to users) has been introduced. However, relying only on this method to gather user insights might give no voice to digitally underserved populations. Objective performance indicators and general social surveys representative of the whole Armenian population are still limited in scope and not yet systematically used across government services. This limits the ability to monitor, benchmark and improve services.

Digital availability of administrative services is progressing fast, but usability and proactive features of existing electronic services lag behind European Union (EU) standards. Citizen satisfaction with all administrative services in Armenia is in general high (63%), but business satisfaction is notably lower (45%). 81% of assessed services are available online to some degree, a strong result, although still below the EU average of 93%. However, despite the wide spread of online information about

services, many services are still accessed mostly in person. Moreover, a deeper analysis of online services shows that several key dimensions, such as the mobile friendliness of websites or the transparency of the digital service process, remain limited. Life-event redesigns and new re-engineered digital services are very promising. Nevertheless, proactive features such as automatic renewals and notifications are not yet implemented.

Accessibility of services is uneven, and digital compliance with accessibility standards is stronger than physical inclusiveness. In fact, government portals offering digital services largely comply with WCAG 2.1 standards, but in-person services face significant accessibility gaps. The 2023-2027 Disability Inclusion Programme lacks a general objective on administrative service accessibility, but it contains relevant actions such as improving physical accessibility to public buildings and ensuring remote sign-language interpretation. Nevertheless, implementation is hindered by inadequate funding and the absence of a monitoring mechanism. Moreover, there are other shortcomings, such as the exclusion of key buildings such as police stations and courthouses from accessibility plans and the absence of legal rights to communicate with public authorities in official sign language or to receive braille versions of administrative communications. Despite the progress in digitalisation of services, the omni-channel principle is still not fully implemented, as some services are only available offline, and for digital-only services, users cannot access human support during the application process.

Armenia's digital governance framework is solid, but legislation could benefit from alignment with the EU standards. The Digital Strategy 2021-2025 provides a clear roadmap, with responsibilities shared between the Ministry of High-Tech Industry and ISAA, with the Information Systems Management Council playing a co-ordinating role across the government. Methodological guides are in place, including digitalisation principles and a business-case methodology for deciding on new digital projects.

A strong data governance framework is in place, including a public metadata inventory. However, historical data is not fully digitised, and the legal framework does not establish a general definition of base registries ensuring their probatory value. The data exchange through the interoperability platform is increasing rapidly. However, alignment with the European Interoperability Framework (EIF) remains at the planning stage. Armenia has developed a plan to align its interoperability framework with the EIF requirements, including the future adoption of the X-Road platform. At the moment, cloud and open-source adoption remain low. The process of establishing an inventory of IT assets is in progress²⁷⁸. Electronic identification (eID) and digital signature systems are functional and free, but take-up by citizens is modest (only 6.3% of adults used eID in the past year).

Cybersecurity is covered in the Digital Strategy. In August 2025, the Government approved and submitted a draft Law on Cybersecurity, which is currently awaiting consideration by the National Assembly. Only 42% of surveyed public servants reported having received enough training on cybersecurity skills to understand risks and know how to avoid them.²⁷⁹ There is no structured approach to developing or retaining digital talent in the public sector. While the principle of re-use of digital solutions is established, there is no repository to support it. Digital access to legislation is exemplary, but other IT tools, such as open data portals, are not yet developed and others, such as the e-procurement system, need improvements.

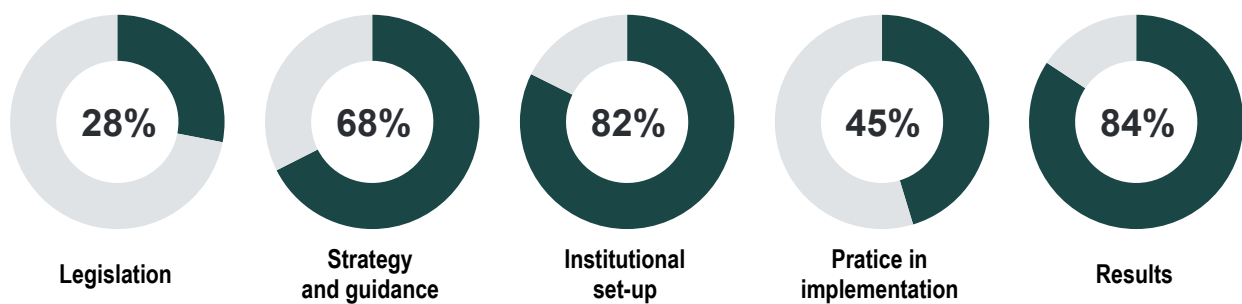
There are notable differences in alignment with the SIGMA standards across the five types of criteria assessed by SIGMA (Figure 48).

²⁷⁸ A draft Government decision establishing the procedure for the IT Assets Registry and Management System has been prepared and circulated for feedback among relevant institutions.

²⁷⁹ SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025, conducted in March-April 2025.

Criteria on legislation score the lowest (28% of possible maximum points), due to the absence of key laws (e.g. on cybersecurity), partial alignment of others with EU standards (e.g. the General Data Protection Regulation, the European Digital Identity Regulation [eIDAS 2.0], and the EIF), and the lack of legal guarantees for core principles, such as the probatory value of some authentic sources or the right to communicate electronically with the administration. For the criteria on strategy and guidance, the score is 68%, supported by a digital strategy and methodological tools, but lacking a coherent framework for improving over-the-counter services. Institutional set-up (82%) is strong for digital governance, with clear mandates assigned to the Information Systems Management Council, the Ministry of High-Tech Industry and ISAA, but no institution is responsible for physical service delivery. Practice in implementation (43%) is weakened by the absence of implementation of several important elements of user-centric services, such as proactive features, limited application of the omni-channel principle, gaps in accessibility for people with special needs and limitation in the development of quality standards for physical services and performance dashboards based on administrative data. Criteria focused on results are high (84%), driven by strong results in the accessibility tests conducted by SIGMA of government portals and satisfaction levels among citizens, while businesses report more mixed perceptions.

Figure 48. State of play in service delivery and digitalisation by type of criterion



Note: This figure presents the results of the assessment by type of evaluated criteria: legislation; strategy and guidance; institutional set-up; practice in implementation; and results. The percentages represent the ratio of actual points awarded to the maximum possible points under each criteria type, calculated across all principles within the area.

Recommendations

1. The Government should strengthen the strategic framework for service delivery by explicitly including measures to improve the quality and accessibility of over-the-counter services, alongside digital services.
2. The Government should designate an institution with the mandate to steer, co-ordinate and monitor service delivery improvements across both digital and physical channels.
3. The Government should establish a methodology and create incentives for public service providers to develop service charters or equivalent instruments that include quality and accessibility commitments beyond legal requirements, ensuring that users are informed of expected service standards.
4. To assess and improve the quality and accessibility of digital and physical public service provision across the administration, the Government should expand the Decision of the Information System Management Board of 16 May 2025 to develop a comprehensive set of performance indicators based on objective administrative data and user perception.
5. To enhance service efficiency and responsiveness, the Government should accelerate the implementation of proactive service features, including automatic pre-filling of forms, benefit renewals and user notifications.
6. The Government should amend current strategies and action plans to include a general objective and a clear set of measures focused on improving accessibility to administrative services for people with special needs, and should provide adequate funding and establish clear monitoring mechanisms to ensure proper implementation.
7. The Government should ensure that all digital-only services include accessible human support channels (e.g. live chat, call-back options or in-person assistance) to support users with limited digital skills or complex needs.
8. The Government should adopt a legal framework to regulate base registries as authentic sources, ensuring that electronic data in digital registries take precedence over paper records unless proven otherwise.
9. The Government should finish the implementation of the current plans to fully align the national interoperability framework with the European Interoperability Framework (EIF) and the Interoperable Europe Act and should increase the number of institutions and information systems connected to the interoperability platform, especially at the local level.
10. The Government should strengthen cybersecurity implementation by increasing compliance among public entities and expanding training for public servants.

Analysis

Principle 19: Users are at the centre in design and delivery of administrative services.

Armenia's service delivery strategy prioritises the improvement of public services primarily through digitalisation. However, it lacks a comprehensive strategic framework and central institutional leadership for enhancing over-the-counter services. Notable progress has been made in enabling digital transformation, particularly through life-event pilot projects that apply innovative, user-centric methods. Although service information is accessible via a central platform, institutions are not yet publishing concrete quality commitments, leaving users uninformed about the level of service quality they will receive. A unified tool has been introduced to measure user satisfaction, but broader performance monitoring based on administrative data is still at an early stage.

Indicator 19. Enablers for user-centric services	2025 indicator value	44/100
Sub-indicators	Points	
1. Existence of a service delivery policy and institutional set-up	8.5/20	
2. User engagement and participation	12/20	
3. Procedures and practice to control creation of administrative burdens	2.5/15	
4. Analysis of administrative burdens of existing regulations	13/15	
5. Existence of service delivery standards	4.5/15	
6. Monitoring system of service standards	3/15	

Armenia's service delivery strategy is included in Goal 2 of the PAR Strategy 2023-2025 (Improving the quality of services provided to the public).²⁸⁰ The strategy presents two general outcome-level indicators (service user satisfaction and digital service usage) and identifies the institutions responsible for specific activities, along with their completion dates.

Nevertheless, several factors impede the full realisation of a comprehensive strategic approach for the service delivery area. First, the existing strategic framework focuses mostly on digital services, while over-the-counter services lack comprehensive actions and a institution with responsibility to steer and facilitate cross-agency administrative simplification. Second, the service delivery strategy document has methodological weaknesses: 1) it lacks clear connections between the three sub-objectives, the eight actions and the outcome level baseline and target indicators; 2) the problem diagnosis included in the strategy is not supported by data to quantify current shortcomings; and 3) the available implementation report does not contain the information necessary to allow calculation of the implementation rate of activities or achievement of objectives. Despite this absence of strategic framework for improving the quality of physical services, some good initiatives have been implemented, such as introducing electronic queue management systems in many central and municipal public institutions. Such initiatives could be further strengthened and made more effective if supported by a comprehensive strategic framework for service quality improvement.

Regarding user engagement and the collection of user insights for service re-design, in 9 of the 12 public services analysed by SIGMA, institutions collect user satisfaction feedback after the service experience, using short online questionnaires. This result shows clear progress from the situation analysed by SIGMA

²⁸⁰ PAR Strategy, Government Decision N691-L, published on 19 May 2022.

in 2019, when the only user feedback mechanisms were boxes for complaints and suggestions. However, there is limited evidence that this user satisfaction feedback is being systematically used to identify areas for service improvement.

In contrast, the ISAA is adopting a more comprehensive and advanced approach to gathering user insights for service re-design. The ISAA is currently engaged in a wide service re-design project covering 12 different life events.²⁸¹ As part of this initiative, the ISAA conducts in-depth interviews with users to map complete user journeys (i.e. the series of interactions between users and public authorities). It also applies the so-called “sludge audit methodology”, a tool designed to identify and reduce administrative frictions encountered by people when interacting with public services. Additionally, the ISAA involves users in testing prototypes of new digital services. Moreover, the ISAA is steering administrative simplification as part of the digital transformation of public services, including the creation of working groups with different ministries and agencies of related services to promote life-event integration of services. This is a clear improvement related to the situation assessed by SIGMA in the 2019 baseline report, where it was highlighted that “Much attention has been paid to technological solutions, but little attention has been given to simplifying procedures, eliminating unnecessary administrative burdens or improving accessibility to services in general.”²⁸²

On the other hand, reducing administrative burdens of new regulations is not a regulatory requirement, and the Regulatory Impact Assessment reports of laws reviewed by SIGMA do not contain an actual analysis of the proportionality of administrative burdens being created.

The ISAA has devised a model for conducting a cost-benefit analysis. This model examines the economic and social impacts of digitalising public services from the viewpoints of both the state and its citizens. The analysis aims to assist ministries in reducing administrative burdens. Although the methodology was fully developed, it had not been shared with other ministries at the time of this report's writing. This methodology will require training and adaptation for individual ministries to employ it independently, given the inherent challenges associated with these models.

Regarding service standards, the ISAA has developed an online portal (<https://hartak.am>) which includes a catalogue of services and access to electronic services (if and where available). The information in the catalogue follows a standardised format that typically includes the service's purpose, target audience, required documents and relevant deadlines.

Of the 12 services analysed by SIGMA, 8 do comply with the publication of basic standard information, such as legal deadlines and documents required to apply for a service. Some ministries, such as the Ministry of Internal Affairs, also publish their own service catalogue, which includes additional services not presented in the central catalogue, mostly niche services aimed at a designated group.²⁸³ Nevertheless, there is no evidence of service charters or similar publications that include quality commitments from the service providers to the users. Thus, citizens are not informed in advance of the level of quality they can expect from service providers.

With regard to monitoring the actual performance of services against quality and accessibility standards, the authorities mostly focus on monitoring user satisfaction. The ISAA has developed an online tool that enables users to provide feedback by scanning a QR code (or manually entering a numerical code). The

²⁸¹ 12 Life Events: Armenia's citizen centric service transformation project, <https://isaa.am/en/12-life-events>.

²⁸² OECD (2019), *Baseline Measurement Report, Armenia*, SIGMA Monitoring Reports, OECD Publishing, Paris, <https://doi.org/10.1787/6061bc9f-en>, page 106.

²⁸³ Service catalogue of the Ministry of Internal Affairs, <https://mia.gov.am/%d5%a9%d5%b8%d6%82%d5%b5%d5%ac%d5%bf%d5%be%d5%b8%d6%82%d5%a9%d5%b5%d5%b8%d6%82%d5%b6%d5%b6%d5%a5%d6%80/>.

codes are sent to the service recipient's email address following the completion of the service, regardless of whether the interaction occurred through a digital or physical channel.²⁸⁴

While some Ministries, such as the Ministry of Interior, are developing a set of objective performance indicators to measure the quality of their services, a general approach for defining quality objective indicators based on administrative data is still in a very embryonic stage. On 16 May 2025, the Information System Management Board adopted a decision requiring all ministries to introduce service quality dashboards for their digital services by 2026. However, this instruction only defines four basic key indicators: 1) user satisfaction; 2) completion rate (successful online transaction); 3) share of online transactions; and 4) most visited services/website pages. While this is a good start, the list of indicators is still very limited. Regarding physical services, the government has launched a Request for Proposals inviting companies to develop mechanisms for defining and measuring service quality. However, at the moment of finalising this report, this process was still ongoing.

Relying primarily on digital satisfaction surveys via QR codes to assess performance of public services presents several methodological limitations. First, the use of QR codes and Internet links excludes individuals with limited digital literacy, which might significantly skew the results. Similarly, users who apply for services in person and do not provide an email address do not receive the QR code, limiting their ability to participate in the feedback process. Second, dissatisfied users are more inclined to complete the survey, potentially introducing bias in the results. Third, survey fatigue may lead to a low participation rate, leading to incomplete or biased data. Fourth, due to the need for brevity in email-based surveys, the scope of questions is limited, restricting the ability to capture the full range of the service experience.

In summary, while user satisfaction surveys sent by email can provide useful insights into direct service experiences, they are unlikely to be sufficient on their own to identify areas for improvement. To ensure a more comprehensive understanding of service performance, such surveys should be complemented by other tools, including general population surveys and objective performance indicators.

Principle 20: The public administration delivers streamlined and high-quality services.

Armenia is progressing in digitalising public services, with 81% of services digitalised to a certain extent, still below the EU average of 93%. Broader usability aspects, such as mobile-friendliness, transparency of personal data used by authorities and online delivery of administrative decisions, reveal further room for improvement compared to EU standards, particularly in certain service delivery areas, such as education, services for families, career, and economic operations. Armenia is progressing on life-event integration and improving the quality and usability of electronic portals for public services. Despite these promising initiatives, challenges remain in digital take-up and proactive service delivery.

Indicator 20. Delivering high-quality services	2025 indicator value	53/100
Sub-indicators		Points
1. Quality of selected administrative services		23.9/40
2. Integrated life-event services		12/20
3. Pre-filing of forms and proactive services		7.2/20
4. Once-only principle		10/20

²⁸⁴ Platform for Citizen Feedback, https://ekeng.am/hy/sec_sub/gnahatir.

The digitalisation of services is a keystone of service transformation in Armenia. The country is making notable progress in the digitalisation of public services. According to the SIGMA mystery shopper analysis conducted using the EU eGovernment Benchmark methodology,²⁸⁵ 81% of the 95 services assessed are digitalised to a certain extent,²⁸⁶ a commendable result, although still 12 percentage points below the EU average. Armenia performs slightly above the EU27 average in two service delivery areas: health and justice, while it continues to lag behind in other areas, notably career, economic operations, business start-up and moving.

A significant advance in Armenia's digital transformation is the overhaul of civil status registration by the Ministry of Justice. Since 2021, certificates for all legally defined changes in civil status—including birth, marriage, divorce, death, and related acts—are issued in fully electronic form, featuring digital signatures, electronic seals, and QR codes for secure online verification. Civil registration service centres and hospitals now serve as front offices for these registrations. Building on this foundation, electronic applications for birth and death registration have been progressively enabled through the Ministry of Justice's digital platform since 2024, further streamlining access for citizens who possess an electronic signature. This reform marks a substantial improvement in convenience and reliability for users interacting with core public services.

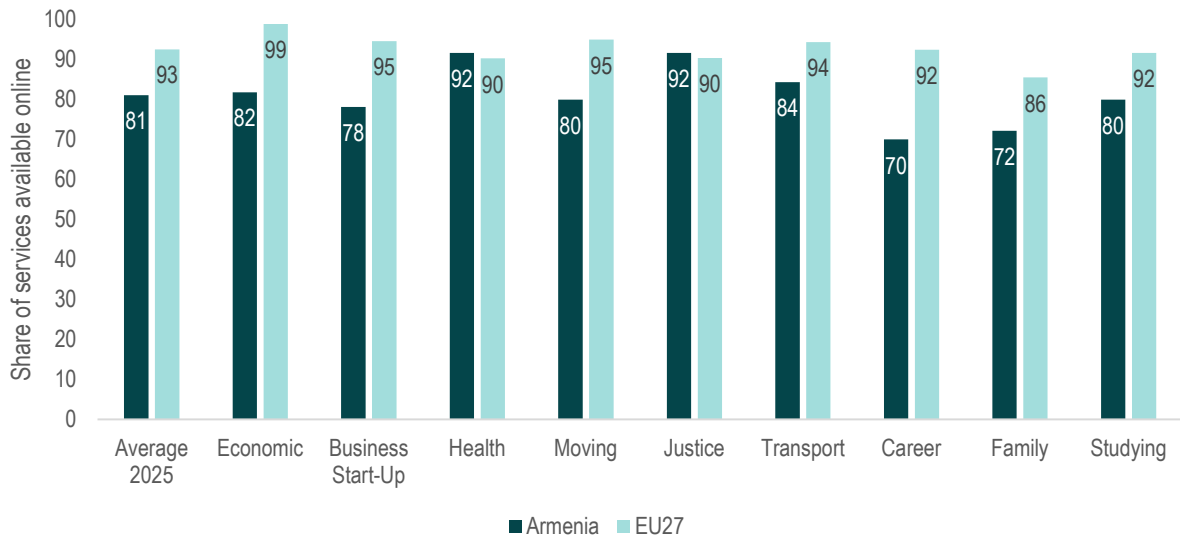
Another good example of service digitalisation is the ArMed platform, the national digital health system introduced in 2017. ArMed includes several modules that have been progressively added to the system. These modules enhance access to services for both providers and recipients by facilitating electronic health records, appointment scheduling, insurance claims management, patient referrals, diagnostics, and public health monitoring and reporting.²⁸⁷ Patients can access ArMed via a phone app or computer, and government officials use a dashboard through a desktop platform. This platform is gradually connecting health providers from both the private and public sectors.

²⁸⁵ European Commission eGovernment Benchmark reports, <https://digital-strategy.ec.europa.eu/en/library/digital-decade-2024-egovernment-benchmark>.

²⁸⁶ The concept of “online availability” for this methodology is a composite indicator that captures the extent to which informational and transactional services are provided online. This composite has three components: A.1) Is information about the service available online?; A.2) Is the actual service available online?; A.3) Is the service/information available through the relevant portal(s)? The meaning of “available online” depends on the specific service and is hence integrated in the individual service definition and minimal requirements. Rules for scoring are as follows: A1+A2+A3 = yes: 100%; A1+A2=yes: 75%; A1+A3=yes: 50%; A1=yes: 25%; A1+A2+A3=no: 0%. For more information, see: <https://digital-strategy.ec.europa.eu/en/library/digital-decade-2025-egovernment-benchmark-2025>.

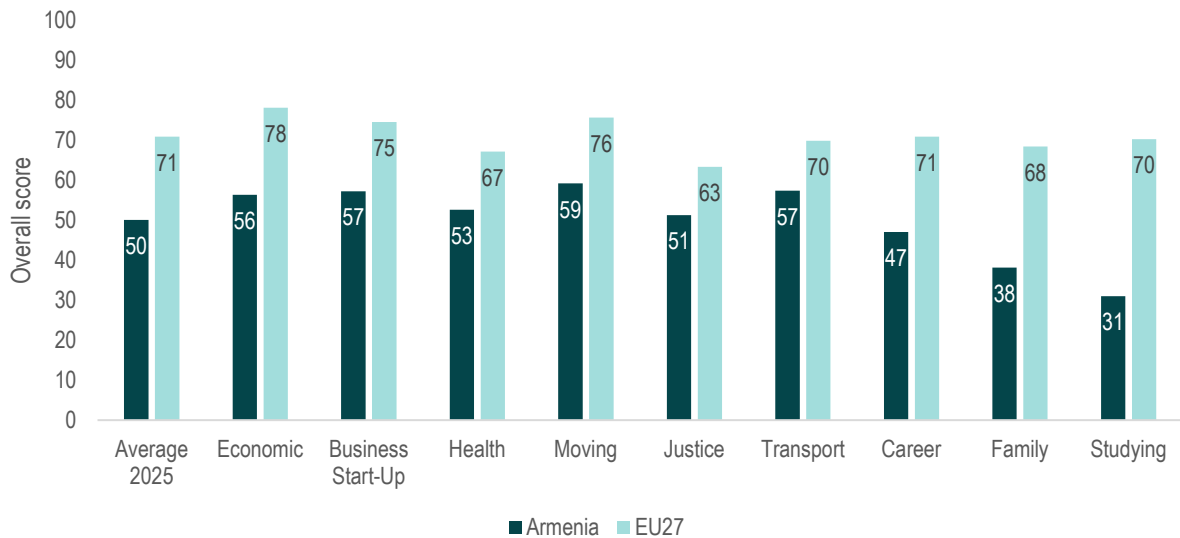
²⁸⁷ World Health Organization (2021), Country Vignette Armenia: ArMed National Digital Health System, <https://www.who.int/docs/librariesprovider2/default-document-library/armenia-armed-national-digital-health-system-%282021%29.pdf>; ArMed: About the system, <https://corporate.armed.am/en/about-system>.

Figure 49. Share of services available online in Armenia and the EU27



Note: eGovernment Benchmark scoring ranges from 0 to 100 (depending on the percentage of services complying with the standards).
 Source: SIGMA mystery shopper analysis based on the EU eGovernment Benchmark methodology.

Figure 50. Overall score of the eGovernment Benchmark methodology in Armenia and the EU27



Note: eGovernment Benchmark scoring ranges from 0 to 100 (depending on the percentage of services complying with the standards).
 Source: SIGMA mystery shopper analysis based on the EU eGovernment Benchmark methodology.

Delving deeper into the analysis, while Armenia demonstrates solid progress in terms of online availability, there is still considerable room for improvement when broader usability dimensions are considered. The overall score of this mystery shopper methodology, which incorporates many additional criteria, such as mobile-friendliness, pre-filled forms, transparency of personal data use and online delivery of outputs, reveals a more modest performance. Armenia’s average score stands at 50, significantly below the EU27 average of 71. The largest performance gaps are observed in the service delivery areas of studying (39 percentage points), family (30 points), career (24 points) and economic operations (22 points),

indicating key areas where Armenia's service delivery significantly trails the EU27 average. This highlights the need for a more comprehensive and user-oriented approach to service design and delivery.

Currently, the Government is promoting a user-centric transformation of service delivery by clustering several services around 12 life events.²⁸⁸ The process of analysing the various services through different research techniques and offering service prototypes commenced in 2024. These techniques included in-depth interviews with users and front-line staff, journey mapping, sludge audits and usability testing. For all those 12 life events, the portal <https://hartak.am> already offers a complete description of the user journey, including detailed information about each service and links to the online forms when available. At the cut-off date for this report (30 June 2025), a minimum viable product enabling service integration (several services triggered by a single online form) has been defined for the life events of childbirth,²⁸⁹ entrepreneurship and property rights,²⁹⁰ and owning a car.²⁹¹

The government is also establishing physical one-stop shops, called Unified Offices for Public Services,²⁹² including nine different services providers.²⁹³ Currently, there are such offices in four cities: Yerevan, Ijevan, Gyumri and Vanadzor,²⁹⁴ and there are plans to continue increasing this number.

Regarding the take-up of digital services (percentage of applications filled online versus offline in the last year), Armenian authorities did not provide the data for most services. For services with available data, the picture is mixed. While some services (especially those targeting companies) have good take-up, for others digital usage remains very low. In fact, 70.2% of applications to renew an identification card were filed in person, and 100% of applications to change the ownership of a personal vehicle.²⁹⁵

On the topic of pre-filled forms, although Armenia has not yet adopted a legal provision granting citizens the right to submit personal information only once, it is making notable progress in practice. As services are being digitalised, Armenia is actively introducing features that automatically retrieve and pre-fill personal data from authentic sources once users log in. The mystery shopper exercise conducted by SIGMA for 95 administrative services found that 78% of available online application forms in Armenia pre-filled personal information after user authentication. This is above the EU average (67%) and significantly higher than the Western Balkan average (51%). However, this percentage refers only to services where an online application form exists. While the EU average is lower, it reflects a broader base of digital services. EU Member States have more online forms overall, but a smaller share of them offer pre-filled data compared to Armenia.

²⁸⁸ These 12 life events are: 1) childbirth; 2) obtaining citizenship and residence; 3) paying taxes; 4) maintaining health; 5) business and property rights; 6) getting education; 7) importing goods; 8) getting a pension; 9) owning a car; 10) owning a home; 11) work and career; and 12) overcoming difficult economic situations, <https://isaa.am/en/12-life-events>.

²⁸⁹ Life Event: Having a Child, <https://english.hartak.am/life-events/childbirth/>.

²⁹⁰ Life Event: Entrepreneurship and Property Rights Protection, <https://english.hartak.am/life-events/business-registration/>.

²⁹¹ Life Event: Owning a Car, <https://english.hartak.am/life-events/vehicle-buying/>.

²⁹² Unified Offices for Public Services, <https://www.moj.am/en/page/617>.

²⁹³ The institutions involved are the Civil Status Acts Registration Agency, the State Register of Legal Entities, the State Revenue Committee, the National Archive, the Social Security Service, the Migration Service, the Cadastre Committee, the Funeral Bureau and the Notary.

²⁹⁴ Addresses of Unified Offices for Public Services, <https://www.haypost.am/en/government-services/Unified-Offices-for-Public-Service>.

²⁹⁵ In 2024, out of 159 053 valid applications, 111 631 applications were made in person.

Perception data about this topic gathered in the SIGMA Survey of Citizens on public administration in Armenia 2025, conducted in March-April 2025, is also very positive, with 94% of valid respondents answering that the last time they applied for an administrative service they did not have to present documents or information that the public administration already has (date of birth, birth certificate, copy of tax declaration, etc.). This percentage is much higher than the result for the SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024 (61%).

Exploring the topic further to encompass more complex data pre-filling, Armenia still has room for improvement. For instance, in the case of personal income tax declarations, the online tax portal already pre-fills personal data and key income sources, such as salaries and pensions. However, certain deductible items, such as tertiary education expenses, health or life insurance premiums and donations to registered charities, are not yet pre-filled and must be entered manually by users. The Tax Authority could enhance the user experience by establishing integrated data-sharing mechanisms with universities, insurance providers and charitable organisations.

Concerning proactive service provision, Armenia still has ample room for improvement. There is currently no automatic renewal of social benefits when the citizen's circumstances, such as disability status or income level, remain unchanged and are already known to the administration. Similarly, proactive notifications, such as automated alerts sent by government systems to inform citizens about upcoming deadlines for renewing licences, entitlements or documents, have not yet been implemented.

Concerning the average duration of administrative procedures (a fundamental indicator of quality), measured as the number of days from the date of the initial application to date when the user receives the final outcome of the procedure (e.g. the document, or the licence, or the payment for monetary benefits such as pensions), it is not possible to give an accurate picture, as this information was not available for many of the services analysed during the assessment. In some services, the registration process or receipt of the relevant document is immediate, such as receiving a tax number and registering the first employee for a company. In other cases, there is a distinction between free-of-charge and paid services.

With respect to citizen satisfaction with public services, SIGMA conducted two random sampling surveys in 2025, one targeting citizens and another targeting businesses. The results for citizens in Armenia indicate that 63% of respondents declared that they were satisfied with the functioning of all administrative services in the country, and only 12% expressed dissatisfaction, while the remaining 25% were neutral. This level of satisfaction is comparable to the Western Balkans (62%), where the satisfaction rate varies across economies but generally falls within a similar range.

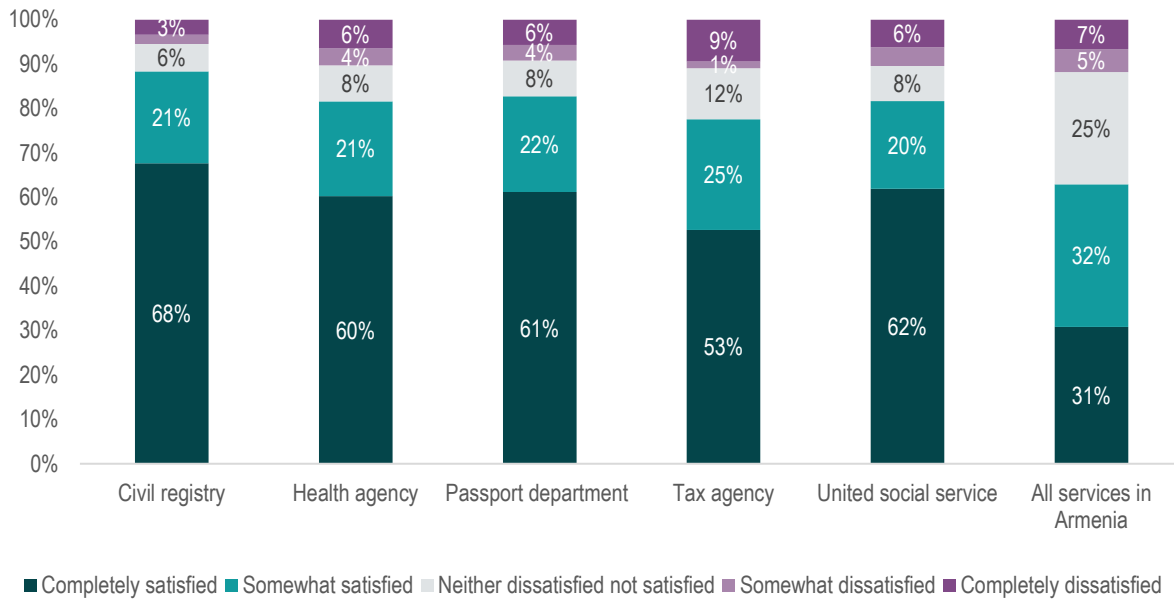
Figure 51. Citizens' satisfaction with all public administrative services in Armenia and the Western Balkans



Note: Percentage of valid responses to the question: "In general, how satisfied or dissatisfied were you with the administrative services in [your country] including all public administrative services you have been in contact with?".

Sources: SIGMA Survey of Citizens on public administration in Armenia 2025 and SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024.

When asked about the last experience with services provided by concrete institutions, satisfaction is much higher for all surveyed service provider institutions. The level of satisfaction ranges from 78% to 88%. Although the SIGMA Survey of Citizens on public administration 2025 was conducted with a random sample of the population using face-to-face interviews, high satisfaction cannot be interpreted automatically as high quality of all those services, as satisfaction is also determined by expectations and comparisons with past experiences regarding public services. Moreover, cultural and social desirability factors may influence respondents to provide positive answers about the functioning of their government to a survey commissioned by an international organisation aiming to benchmark their country.

Figure 52. Citizens' satisfaction with concrete public administrative services in Armenia

Note: Percentage of valid responses to the questions: 1) For individual services: “How satisfied were you with the overall procedure regarding this service the last time?”; 2) For the column “All services in Armenia”: “In general, how satisfied or dissatisfied were you with the administrative services in Armenia including all public administrative services you have been in contact with?”.

Source: SIGMA Survey of Citizens on public administration 2025.

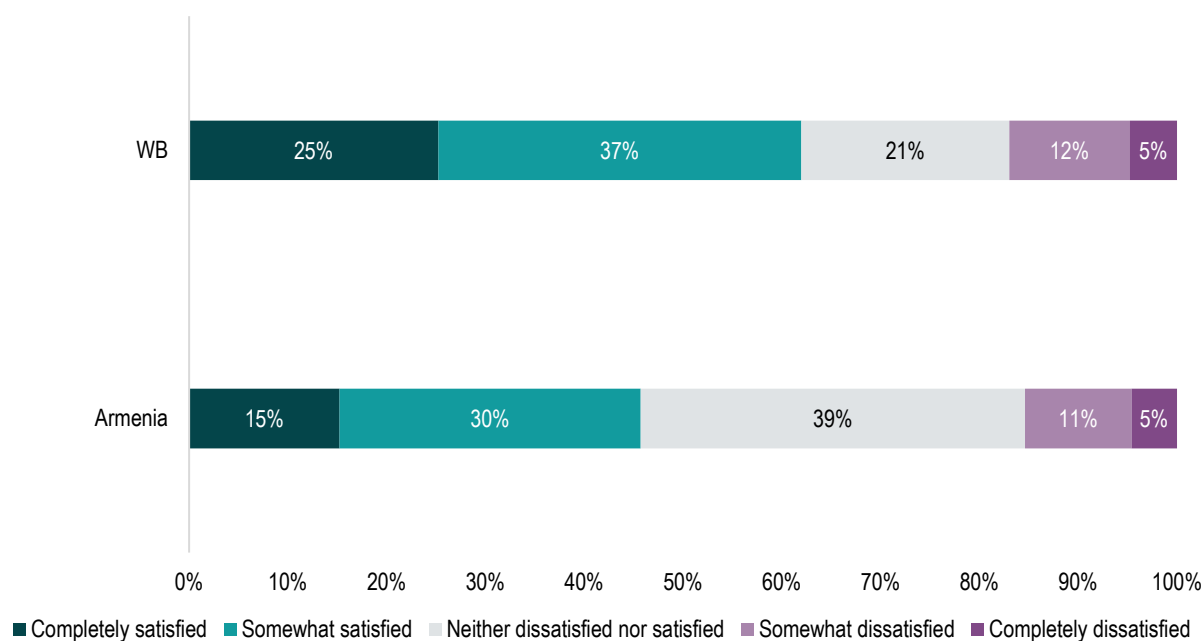
The SIGMA Survey of Citizens on public administration 2025 also includes questions about particular elements of the service experience. Results are also positive in general: 79% of respondents found it “somewhat easy” or “very easy” on average to complete the administrative procedure from a selected sample of services. Furthermore, 81% were “somewhat satisfied” or “completely satisfied” with the time taken, and 77% were “somewhat satisfied” or “completely satisfied” with the channel used to contact public authorities.

Regarding business satisfaction with public services, 45% of businesses in Armenia reported being satisfied, with 15% “completely satisfied” and 30% “somewhat satisfied”.²⁹⁶ This is notably lower than the satisfaction rate among respondents to the survey of citizens (63%), which contrasts with the trend in the Western Balkans, where business satisfaction typically matches or exceeds that of citizens. Moreover, Armenia’s business satisfaction rate is statistically significantly lower than that of all Western Balkan economies except Montenegro.²⁹⁷

²⁹⁶ SIGMA Survey of Businesses on public administration in Armenia 2025, conducted in March-April 2025.

²⁹⁷ The statistical significance between Armenia and each Western Balkan economy is assessed using a Z-test for the difference between two independent proportions at 95% confidence level, applying the Agresti-Coull adjustment to the binomial distribution. See: Agresti, A., and Coull, B. A. (1998). “Approximate is better than ‘exact’ for interval estimation of binomial proportions”, *The American Statistician*, 52(2), pp. 119-126.

Figure 53. Businesses' satisfaction with all public administrative services in Armenia and the Western Balkans



Note: Percentage of valid responses to the question: "In general, how satisfied or dissatisfied were you with all the administrative services in [your country] including all public administrative services your company has been in contact with?".

Sources: SIGMA Survey of Citizens on public administration in Armenia 2025 and SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Principle 21: Administrative services are easily accessible online and offline, taking into account different needs, choices and constraints.

Armenia has not yet implemented the omni-channel principle, as users cannot seamlessly switch between online and offline channels across all services. While digitalisation is advancing, there is no legal right to communicate electronically with all public authorities, and some digital-only services lack available human support options. The Programme for Social Inclusion of Persons with Disabilities 2023-2027 lacks a general objective on administrative service accessibility, but includes general actions such as making public buildings accessible, setting web accessibility standards and providing remote sign-language interpretation. However, implementation of these measures is hindered by insufficient funding and inadequate oversight. Moreover, citizens do not have the legal right to communicate in sign language or receive braille correspondence. Accessibility standards for digital portals are set and technically met. Public service information is easily accessible through <http://hartak.am>, but there are no official guidelines to improve the clarity of government communication.

Indicator 21. Accessibility of administrative services		2025 indicator value	58/100
Sub-indicators		Points	
1. Multi-channel service delivery		2/20	
2. Physical access to public services		15.8/20	
3. Accessibility of services for users with special needs		5/20	
4. Findability of public services information		18.5/20	
5. Clarity of government information and communication		16.6/20	

Although Armenia is advancing substantially in the digitalisation of services, as described in the assessment of the previous principle, the country has not yet fully implemented the omni-channel service delivery principle, which requires that users have a seamless journey across online and (digitally assisted) offline channels, with the possibility to interact digitally or physically with any part of the administration, when desired. In Armenia's legislation, there is neither a general legal right for citizens to communicate electronically with all public authorities nor an obligation for public service providers to offer tools for online application. However, citizens can submit requests and petitions electronically to any ministry or government agency through the unified platform e-request.am, which serves as an official channel for online communication with the public administration.

Among the six services assessed under this principle, only one (applying for benefits for temporary financial insecurity) is currently available both online and offline, thus fulfilling the criterion. Of the remaining services, three are only available offline (retirement pensions, disability pensions and car registration), although the government is actively working on the digitalisation of all three. The other two (declaring VAT and corporate income tax) are available only online, but there is no evidence that taxpayers can access human support during the application process if needed. This might present a challenge for certain types of users (e.g. micro businesses or individual entrepreneurs) or for complex individual cases. Summing up, Armenia's digital service delivery is expanding and promising developments are underway. However, the legal and practical frameworks for ensuring consistent multichannel access across all services remain incomplete.

Institutions are actively working to ensure territorial access to administrative services. Unified Social Services (USS) offices cover a wide range of support, including unemployment and social benefits.

Geospatial analysis performed by SIGMA²⁹⁸ shows that 91% of the population can drive to a USS office within 30 minutes, and 98% within 45 minutes. A very small share – less than 1% – lives in areas where drive times exceed 60 minutes. Access to Tax Authority offices is also generally good, with 71% of the population within 30 minutes and 87% within 45 minutes. About 3% of the population live in areas where drive times exceed 70 minutes, mostly in remote southern and southeastern locations.

The Migration and Citizenship Service offers an interesting solution for remote locations, as it dispatches mobile service centres to rural villages. The schedule for these visits is published monthly. Finally, HayPost branches across Armenia offer selected administrative services (such as criminal record certificates, family status documents and business registrations), further expanding access, especially in areas underserved by other offices.

Accessibility of digital services for users with special needs, as mandated by WCAG 2.1 standards, is recommended by the Ministry of High-Tech Industry.²⁹⁹ The standardisation of web pages is facilitated through the Henaket Design System.³⁰⁰ Typically, government entities claiming WCAG compliance publish an accessibility statement on their official websites. The accessibility statement can be found on the Ministry of Interior's website, but it is lacking in most other ministries. Yet, a test on 13 public services performed by SIGMA determined that all of them had 0 errors, which implies *de facto* compliance with the WCAG standard.³⁰¹

The Republic of Armenia has adopted the Programme for Social Inclusion of Persons with Disabilities 2023-2027,³⁰² a strategic document guiding the reforms needed to improve the situation of people with disabilities. While the strategy includes a wide range of sectoral objectives, covering areas such as health, education, culture and employment, it does not contain a general strategic objective specifically addressing the accessibility of public or administrative services for people with special needs. This omission represents a notable weakness in the strategic framework.

Nevertheless, the action plan annexed to the strategy includes several general commitments that directly support accessibility to administrative services. Among these are: 1) the development of a legal act establishing a programme and timeline for ensuring accessibility of public and industrial buildings; 2) the inclusion of mandatory accessibility standards for websites and mobile applications; 3) the availability of software solutions for converting Armenian speech to text and vice versa; 4) the provision of a remote interpretation service in Armenian Sign Language (“A remote interpretation service in Armenian Sign Language is available for users”); and 5) the introduction of accessible and/or social taxi services. These actions demonstrate a concrete commitment to improving the accessibility of administrative services, even in the absence of a dedicated strategic objective. The strategy also meets the formal requirements of SIGMA methodology: responsible institutions are clearly assigned, timeframes are defined and cost estimates are included for each action.

²⁹⁸ SIGMA estimated drive times required to reach the nearest administrative office by car from each person's domicile. They were calculated using five-minute isochrones based on road network geometry and speed profiles from OpenStreetMap, processed with the OSRM routing engine. The analysis combined 2025 population density estimates from the Global Human Settlement multitemporal grid (1975-2030) with official lists of USS and Tax Authority offices provided by the Government.

²⁹⁹ Web Content Accessibility Guide (WCAG 2.1), Digitization Guide, <https://shorturl.at/Q6NmP>.

³⁰⁰ Henaket - Design System v 1.1 | Figma, <https://www.figma.com/community/file/1257654638425705295/henaket-design-system-v-1-1>.

³⁰¹ The analysis was carried out using the tool <http://wave.webaim.org>. Of the 14 selected services, only “Getting information or guidance about starting a business” could not be accessed for the test.

³⁰² Government Decision N-943-L, 2023 on the Programme for the social inclusion of persons with disabilities for 2023-2027, arlis.am/DocumentView.aspx?DocID=178901.

However, important limitations remain in practice. Some budgetary allocations are inadequate. A government order mandating the retrofitting of a list of public buildings for accessibility for persons was published without any fiscal allocations.³⁰³ The budget proposal for 2025 lacked measures to implement the programme.³⁰⁴

Secondary reports analysed by SIGMA included several examples of accessibility issues in practice: 1) shelters for survivors of domestic violence and support hotlines are not accessible for people with disabilities; 2) 98.9% of polling stations do not meet the standards required to be considered fully accessible; and 3) the government decree outlining 20 buildings to be made accessible did not include police stations, offices of public defenders and courthouses – critical information regarding access to social support that is not accessible to persons with disabilities.³⁰⁵ Moreover, there is no specific monitoring oversight mechanism for accessibility and no evidence that the government is performing accessibility analysis of public services in practice.³⁰⁶ Finally, citizens do not have the legal right to communicate with the public administration in official sign language or to receive government written communication in braille.

Information on public services is easily accessible. The portal <http://hartak.am> offers different options for citizens to find the services they need. The website features a search option and also organises the services by life events and the most common topics. Moreover, the government has imposed the WCAG accessibility standard for public authority websites, and SIGMA analysis of ten different portals found those websites fully compliant with this international accessibility standard.

However, there are no guidelines to improve the clarity of government communication with citizens, which would assist in clarifying the typical bureaucratic language associated with communications from public entities.

Data from the SIGMA Survey of Citizens on public administration 2025 shows that 78% of respondents found it “somewhat easy” or “very easy” to locate information for applying for across a selection of six services. Regarding clarity of administrative language, 71% of respondents found it “somewhat easy” or “very easy” to understand written communication from the authorities.

³⁰³ Draft State Budget for 2025: Summary Sheet of Public Discussions, Proposal No. 23, <https://www.e-draft.am/projects/7738/digest?page=1>.

³⁰⁴ About the National Budget of Armenia for 2025 - e-draft.am, <https://www.e-draft.am/projects/7738/digest?page=2>.

³⁰⁵ Coalition for Inclusive Legal Reforms (2025), On the Implementation of the UN Convention on the Rights of Persons with Disabilities, Alternative report, Republic of Armenia.

³⁰⁶ Hovsepyan, M. (2025), The Implementation of the United Nations Convention on the Rights of Persons with Disabilities in Armenia.

Principle 22: Digitalisation enables data-driven decisions and effective, efficient and responsive policies, services and processes in the whole of government.

Armenia has a solid digital transformation framework, led by a clear strategy and shared responsibilities between the Ministry of High-Tech Industry and the ISAA. While digital registries are advancing, gaps remain in digitalisation of historic data and the lack of a general legal definition of authentic sources. The usage of the interoperability platform is advancing notably, but it is not yet fully aligned with the EIF. Electronic identification and digital signature are functional and provided to all citizens free of charge, but take-up remains low. The government has adopted a legal and strategic framework for enterprise architecture, but cloud and open-source adoption are limited. Initial steps have been taken toward AI governance, but no public sector strategy or regulation is yet in place. There is neither complete IT talent development, nor an attraction and retention strategy for the whole public sector. The principle of re-use of digital solutions is established, but there is no evidence of inventories or similar mechanisms to facilitate re-use. Finally, the results on digital government tools are mixed. There are strong elements, such as full digital access to legislation, but other elements, such as the e-procurement system, show weaknesses, as its data does not always comply with the required standards, such as machine-readability.

Digital government readiness and maturity

Indicator 22.1. Digital government readiness and maturity	2025 indicator value	60/100
Sub-indicators	Points	
1. Digital government strategy and co-ordination	8,6/10	
2. Digitalisation of public registries and data governance	12.3/15	
3. Interoperability: infrastructure, framework and adoption	11.8//15	
4. Digital identity, digital signature and trust services	8.8/15	
5. Digital government architecture and infrastructure maturity	6.1/15	
6. Uptake of emerging technologies in the public sector	4/10	
7. Legal framework for privacy and cyber security	3.4/10	
8. Digital talent management in public administration	3/5	
9. Re-use of digital solutions	2/5 ⁱ	

ⁱ Data not available or not provided.

Armenia has a well-defined structure in place to guide its digital transformation, which represents significant progress from the situation assessed by SIGMA in 2019. The foundation of this framework is the Digital Strategy,³⁰⁷ launched in 2021 and set to run until 2025. This strategy is comprehensive, incorporating key components found in most strategic plans: an analysis of existing challenges, clearly defined objectives, an action plan and assigned responsibilities to ensure accountability.

The responsibility for implementation of this ambitious digital agenda is shared between two entities. The Ministry of High-Tech Industry is responsible for designing the overarching policy, shaping the vision and

³⁰⁷ Government Decision N 183-L of 2021 on the approval of the digitalisation strategy, strategic action plan, and outcome indicators, available at: arlis.am/documentview.aspx?docID=149957.

direction of digital government. The ISAA is tasked with the operational aspects of the policy, translating strategic goals into actionable initiatives. Moreover, the Information Systems Management Council (ISMC) functions as a high-level co-ordination body, with the permanent participation of representatives from the Office of the Prime Minister, the Ministry of High-Tech Industry and key ministries such as the Ministry of Economy, the Ministry of Finance and the Ministry of Justice. Other line ministries and agencies are invited to participate in meetings when projects relevant to their mandates are discussed. The ISMC is responsible for decision making and continuous monitoring of the digitalisation agenda.

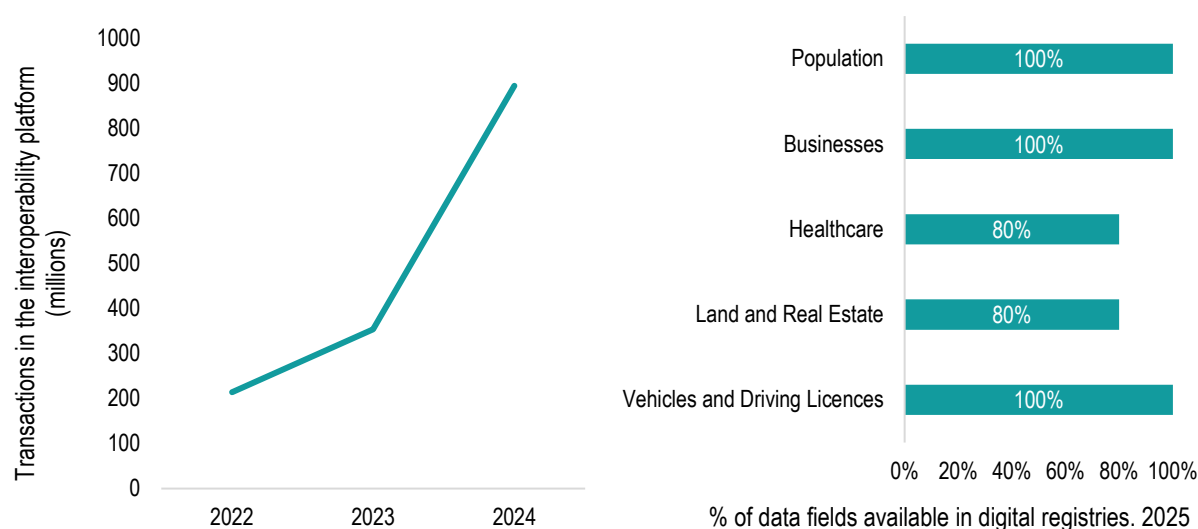
In addition, the government has adopted a standardised business case methodology and template for submission of new IT projects. This framework requires definition of project objectives, consideration of alternative solutions, risk analysis, and presentation of a detailed description and implementation roadmap for the proposed solution.³⁰⁸

Armenia's vision for digital public services relies on a robust network of interoperable digital registries, which are regulated by a comprehensive framework established in 2015 and governed by a data policy overseen by the ISMC.

While digital registries are largely established and cover all or most basic fields about people, companies, taxes, land property, vehicles and health, two key limitations persist. First, not all existing historical paper-based records have been fully digitised and integrated into the registries. Second, although the information contained in these digital platforms holds legal validity, there is no explicit regulation stating that all electronic data stored in digital registries are defined as authentic sources, serving as full proof and taking precedence over paper documents unless proven otherwise. For example, while the Law on the State Registration of Property Rights explicitly recognises that digital records are presumed correct and have evidentiary value, the Civil Registration Law does not contain such provisions. The government has recently approved a draft State Population Registry Law and submitted it to Parliament. Drafted in parallel with the proposed Law on Public Information, this draft legislation represents a meaningful step toward aligning sectoral legislation with data governance principles. However, as the law is not yet in force and its concrete provisions are still under parliamentary discussion, its impact remains prospective at the time of this assessment.

³⁰⁸ How to understand and improve the user journey: Building a business case and roadmap, <https://standards.hightech.gov.am/%d5%a2%d5%ab%d5%a6%d5%b6%d5%a5%d5%bd-%d6%84%d5%a5%d5%b5%d5%bd/>,

Figure 54. Number of transactions in the interoperability platform and percentage of data types included in public digital registries



Note: Percentage of data fields available in digital registries = how many key data fields were identified by SIGMA as digitalised. (40 data points on population registry, civil status, taxes, businesses, vehicles, and real state property). OECD (2024), Assessment Methodology of the Principles of Public Administration, OECD, Paris, <https://www.sigmaweb.org/publications/Assessment-Methodology-Principles-Public-Administration.pdf>.

Source: SIGMA elaboration based on data provided by the authorities.

Armenia has established a structured and evolving data governance framework. Data governance requirements are clearly defined and legally binding across the public administration through Government Decision No. 1093-N of 31 August 2015, complemented by secondary regulations enacted by the Information Systems Board, such as the Data Classification and Data Mapping Methodologies, which ensure data quality and availability. While the legal obligation to share data across institutions is not yet in place, this decision and the methodologies mentioned reflect a clear direction towards broader inter-institutional data sharing. Moreover, a comprehensive and publicly accessible data inventory exists via <https://data.catalog.hartak.am>, and public bodies are legally required to register metadata of their datasets, ensuring transparency and coherence in data management. Finally, in August 2025 the Government approved the draft Law on Public Information (LPI) and submitted it to Parliament. If adopted, this law could provide a legal basis for state bodies to make public data available to other government institutions, although this would introduce an additional, standalone regulation on access to information, separate from the existing LFI (see the analysis of Principle 15).

In parallel, Armenia adopted a national interoperability framework, also through Government Decision No. 1093-N of 31 August 2015. The framework is binding for the entire public sector and covers all four layers of interoperability: legal, organisational, semantic and technical. It establishes clear requirements for design and operation of electronic systems and mandates compliance for all public institutions. While the current framework is broadly aligned with the EIF in structure and principles, it does not yet address cross-border interoperability. Full alignment, including the cross-border dimension, is foreseen by 2026. ISAA has prepared an Architecture Vision and Implementation Plan, which outlines the intended integration of a national Metaregister (Data Catalog) and the future adoption of the X-Road platform and to adopt a revised framework fully aligned with the EIF requirements Armenia has advanced notably regarding the usage of the interoperability platform since the last SIGMA assessment in 2019, when the interoperability platform was still in its pilot phase and information exchanges were based on bilateral agreements between institutions. In contrast, 36 out of 40 central government public institutions are currently connected to the

interoperability platform, and usage is expanding fast. The number of transactions increased from 214 million in 2022 to 895 million in 2024, a 4.2-fold growth.

Secure electronic identity solutions are currently offered through the YesEm platform, including Mobile ID SIM cards and national identity cards with electronic chips, both of which have been available free of charge since February 2025. These solutions enable the use of electronic signatures, which are accepted across all major public information systems. Building on these foundations, the authorities plan to introduce a mobile ID app-based eID solution under the YesEm platform. This upcoming development reflects the state's commitment to aligning its digital identity ecosystem with EU standards. A check conducted by SIGMA found that 70% of ten public administration service portals feature a visible link on their main page to the YesEm single sign-on mechanism. Nevertheless, the use of electronic identification remains modest. In the past year, only 139 900 individuals, representing approximately 6.3% of the population aged 18 or over, have used their eID to authenticate via the YesEm platform.

Armenia has established a government-wide enterprise IT architecture that is legally grounded, strategically guided and structurally defined. Government Decree No. 1093-N of 31 August 2015 provides the binding foundation, setting both the architectural principles (such as interoperability, open standards and user-centric design) and the technical requirements applicable to all public bodies. These provisions have been further developed in strategic and methodological documents issued by the Information Systems Board and the ISAA. Adoption of cloud computing and open-source technologies remains modest in practice, with 10 out of 67 central government IT systems hosted on cloud platforms and 4 based on open-source technologies. The government anticipates establishing a so-called “service marketplace” where typical cloud services will be available: IaaS (Infrastructure as a Service), PaaS (Platform as a Service) and SaaS (Software as a Service).

The Government has taken initial steps toward aligning with international standards on artificial intelligence. By Decision 2063-A, adopted on 27 December 2024, the Government approved the proposal to sign the Council of Europe Framework Convention on Artificial Intelligence and Human Rights, Democracy, and the Rule of Law. In parallel, the Government is conducting a study of international best practices in AI legal regulation. Based on this research, a roadmap will be developed, which is expected to include provisions for regulating deepfake technologies. Another relevant initiative is the Virtual Institute for Artificial Intelligence (<https://ai.gov.am>), which aims to promote research, innovation and education in AI. However, the Institute's focus is not on public sector adoption or regulation. Therefore, at this stage, there is no evidence of an adopted strategy or roadmap for the uptake of artificial intelligence and emerging technologies in the public sector. Moreover, there are no legal acts regulating the use of algorithms in decision-making in the public administration in general.

Armenia adopted a Law on the protection of personal data in 2015,³⁰⁹ and a Personal Data Protection Agency is in place to oversee its implementation.³¹⁰ This regulation is not fully aligned with the EU General Data Protection Regulation. The Government approved the draft Law on Cybersecurity, along with related legislative acts, at its session on 14 August 2025, and subsequently submitted the package to Parliament for consideration. At the time of drafting this report, the laws have not yet been finally adopted by Parliament.³¹¹ Cybersecurity is extensively covered in the digital strategy, including milestones, but there is no evidence of an implementation report assessing the practical implementation of cyber-security in the public sector. On the positive side, the government has established a Computer Emergency Response Team (CERT) for businesses and individuals to report cyber-security incidents.³¹² Finally, only 42% of

³⁰⁹ Law HO-49 2015 about personal data protection, <https://www.arlis.am/documentview.aspx?docid=183134> .

³¹⁰ Personal Data Protection Agency, <https://pdpa.am/en>.

³¹¹ Draft Law on cybersecurity, <https://www.e-draft.am/projects/6656/about>.

³¹² Armenian National Computer Incident Response Team, <https://am-cert.am/>.

public servants who responded to the SIGMA Survey of Public Servants on the functioning of public administration 2025 reported having received sufficient training on cybersecurity skills to understand the risks and know how to avoid them.³¹³

Armenia has taken initial steps to develop digital talent in the public administration, although key elements remain underdeveloped. Government Decree No. 2-N (2019), amended in 2025 (Order No. 384-N), empowers the Civil Service Office to provide training on horizontal support functions, including digital governance and information technologies, but this will only enter into force in 2026 and is far from constituting a comprehensive framework aligned with international models such as the EU DigiComp.³¹⁴

The Digital Strategy for 2021-2025 foresees the appointment of Chief Information Officers at the deputy head level in each institution tasked with co-ordinating digital transformation efforts. The strategy does not include any broader objective or action plan to attract or retain individuals with high-level digital skills in the public sector. Despite these limitations, survey data from the SIGMA Survey of Public Servants on the functioning of the public administration 2025 indicates that 91.2% of respondents “agree” or “strongly agree” that they possess the necessary digital skills to perform their job functions. This suggests a relatively high level of self-assessed digital competence among civil servants.

The Government Decree on the Security of electronic systems used for the provision or execution of electronic services by state and local self-government bodies (Government Decision No. 1093-N) establishes the principle of reusability, encouraging public institutions to re-use and transfer technical solutions. This principle is further developed through guidelines and standards issued by the Information Systems Board and the ISAA. While the ISAA is not legally mandated to facilitate re-use, it performs this function in practice. However, the absence of a public repository or inventory of digital solutions limits the practical implementation of this principle.

³¹³ SIGMA Survey of Public Servants on the functioning of the public administration in Armenia 2025, conducted in March-April 2025.

³¹⁴ European Commission Digital Competence Framework for Citizens (DigComp), https://joint-research-centre.ec.europa.eu/projects-and-activities/education-and-training/digital-transformation-education/digital-competence-framework-citizens-digcomp_en.

Digital government tools

Indicator 22.2. Digital government tools		2025 indicator value	54/100
Sub-indicators		Points	
1. Digital access to legislation		10/10	
2. Digital platform for public consultation		10/10	
3. Human resource management (HRM) information system		4.9/15	
4. Digital portal for recruitment		10/10	
5. Open data and re-use of public information		2/20	
6. Digital tools for internal control		5/10	
7. Digital tools for accounting information		4/10	
8. Public procurement data system		8/15	

The current legal framework for publishing legislation is exemplary. The requirements for publication that took full effect on 1 July 2019 require mandatory consolidation of laws and their publication in the online legal registry. All primary and secondary legislation in Armenia is publicly accessible online and free of charge via the official legal database <https://www.arlis.am>. The platform supports advanced search functions, allowing users to filter laws and regulations by type, sector, date of adoption, entry into force, and issuing authority. These features ensure a high level of transparency and usability for legal information.

Armenia operates a central public consultation portal, <https://www.e-draft.am>, which enables the publication of draft laws and sector strategies for written public consultation. The portal is functional and supports advanced search features, allowing users to filter consultations by title, date range, developing institution, policy sphere and document type. However, no data was provided on the share of draft laws adopted by the Government in 2024 that were consulted through the portal, making it impossible to confirm consistent use.

Armenia has a Human Resources Management Information System (HRMIS) in place, but its use across institutions remains limited. The system is not yet interoperable with the document management system or the payroll system, although it does connect with other relevant databases, such as the population registry and Tax Authority records. Many human resources processes are still conducted on paper or in semi-digital formats, and several institutions maintain parallel records in both physical and electronic form. The HRMIS does not comprehensively cover institutions outside the scope of the Civil Service Law and is not well adapted to their operational needs.

Armenia has not yet adopted legislation on the re-use of public sector information in line with Directive (EU) 2019/1024. No central open data portal exists currently, and therefore no unified access point is available for datasets (although ISAA has recently approved a plan to develop a national central open data portal). However, some datasets covered by Commission Implementing Regulation (EU) 2023/138 are available through sectoral websites, such as statistical data³¹⁵ and data on company ownership.³¹⁶ Moreover, the already mentioned draft Law on Public Information approved by the Government in August

³¹⁵ Statistical Committee of the Republic of Armenia, <https://www.armstat.am>.

³¹⁶ Electronic system of the State Register of Legal Entities of the Ministry of Justice, <https://www.e-register.am>.

2025, and currently awaiting Parliamentary approval, is intended to facilitate the re-use of public information.

Digital tools are in place in several public institutions to support internal control functions. Authentication systems with multiple levels of security regulate access to digital management IT systems, with procedures defined in internal regulations or ministerial orders. However, while some institutions, such as the Ministry of Health (which holds an ISO/IEC 27001:2013 certification) and the Statistical Committee, carry out regular assessments of data security and integrity, there is no evidence that such assessments are conducted systematically across all of the central government bodies analysed by SIGMA.

Digital tools are used to support the public financial management processes. Bank accounts are reconciled with accounting data at least weekly, and there are no suspense accounts. However, an IT audit of the central public financial management information system has not been conducted in the last three years.

Armenia's electronic procurement platform, ARMEPS,³¹⁷ supports key stages of the procurement cycle, including publication of notices, tender submissions and communication with the bidders. The system enables public access to procurement data and offers multiple search criteria, but the data is incomplete, not always machine-readable, and cannot be fully mined or downloaded. It is important to note that the use of electronic procurement is not mandatory for all contracting authorities, and as a result, a number of them are not using the system. According to official data, in 2024, only 40.8% of procedures used e-submission.

³¹⁷ ARMEPS, Bid Preparation Tool: <https://www.armeps.am/epps/home.do>.



Public financial management

The public administration plans and manages public finances to ensure that they are **sustainable** and **transparent** and allow the delivery of policy objectives. Control, procurement and oversight arrangements are in place to ensure the economic, efficient and effective use of public resources shared across all levels of government.

The Principles of Public Administration

Budget management	Principle 23	The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.
	Principle 24	The government supports budget implementation and service delivery by ensuring liquidity in the short and medium term.
	Principle 25	The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.
Internal control and audit	Principle 26	Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.
	Principle 27	Internal audit improves the management of public administration bodies.
Public procurement	Principle 28	Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.
	Principle 29	Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.
	Principle 30	An independent procurement review system ensures effective, rapid and competent handling of complaints.
External audit	Principle 31	All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.
Financing of local governments	Principle 32	Regional and local governments have resources and adequate fiscal autonomy for exercising their competences, with financial oversight to foster responsible financial management.

Summary and recommendations

Since the previous assessment, the Government continued to make efforts to implement PFM reforms. These developments were driven by the Public Financial Management Strategy (PFM Strategy) for 2019–2023, although it unfortunately expired at the end of 2023. The Government has continued to work on introducing fully-fledged programme budgeting, the management of fiscal risks and embedding other PFM practices. The legal framework for the Audit Chamber was amended in 2024, enhancing the independence of the Audit Chamber. However, with respect to PIFC, little progress has been made with the main change being the increased level of contracted-out internal audit services across the public administration. The most significant change in the public procurement system has been the reform of the review and remedies framework, marked by the **transfer of competence for handling public procurement complaints from a specialised review body to the judiciary**. Additionally, the use of **e-procurement** has expanded, and the proportion of competitive procedures has increased.

Armenia has **established a sound and transparent budget process**. The implementation of a clear legal framework and detailed procedural calendars **has facilitated predictable budget formulation and approval**. Medium-term Budgetary Frameworks (MTBFs) are comprehensive, with clear quantitative targets and rules, and link fiscal objectives and priorities with expenditure ceilings for first-level budget users. **The quality of budget procedures could be further improved by respecting MTBF ceilings when preparing the annual budget law and consecutive MTBFs**. An independent review body, such as a fiscal council, has not been established, and while SIGMA has been informed that large capital investments undergo independent appraisal of the costs and benefits, the process is not entirely transparent.

While tax collection is highly digitalised, taxes collected in the last fiscal year were well below those that were budgeted. Treasury Single Account (TSA) systems are well established, with consolidation of revenues and expenditures and bank-account reconciliation performed regularly. Effective commitment controls have been established, and there are no significant arrears. While debt strategies and detailed reports are published, there have been delays in releasing the public debt report. The level of public debt to gross domestic product (GDP) is in line with the national target and well within European Union (EU) benchmarks.

Deviations between budget plans and outturns indicate that budget credibility could be improved, particularly at a disaggregated level. **Sound budget reporting practices have been developed**, with reports on budget implementation being provided in a timely, transparent, and comprehensive manner. However, there are areas for improvement, including around the reporting of assets and liabilities and the need for more frequent fiscal risk monitoring, especially regarding state-owned enterprises (SOEs). The absence of regular spending reviews or cross-sectoral reallocations limits the optimisation of resources. Additionally, parliamentary scrutiny of the (Medium-Term Expenditure Framework (MTEF) is limited, and the timeframe for debate and approval of the budget is shorter than internationally recommended.

While aspects of effective internal control are embedded within the Treasury system and the conduct of regular asset inventories, **the internal control framework in Armenia is limited, and systemic weaknesses persist** due to the absence of a formal, comprehensive internal control framework, limited co-ordination mechanisms, limited managerial accountability and the lack of formal risk management practices across government entities.

The **internal audit system is based on a sound legal framework**, and most auditors have received local certification. Recent initiatives, such as adopting strategic plans and manuals, aim to elevate audit quality. However, **there are limitations in practical implementation**, with challenges around audit planning and execution, quality assurance, variable outsourced audit quality and weak follow-up mechanisms, which hinder the effectiveness of internal audits.

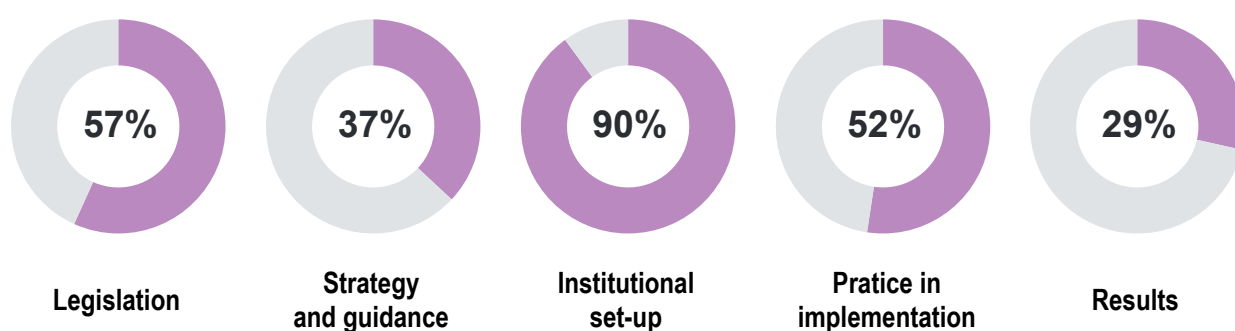
The Public Procurement Law (PPL) is broadly aligned with the 2014 EU Directives. However, essential public procurement instruments and tools, such as **framework agreements and dynamic purchasing systems, are missing**. The system of exclusion of economic operators is not aligned with EU law requirements and is generating significant burdens for the review system. The Public-Private Partnership (PPP) Law reflects core public procurement principles, but contract award procedures and review mechanisms are not in line with the EU *acquis*.

A strategic framework for public procurement is in place, but it is **neither comprehensive nor up to date**. An electronic procurement system exists, but it requires **substantial expansion** to support full electronic procurement by all contracting authorities and entities. Related development activities are ongoing.

Key challenges persist in procurement planning and contract management. The share of non-competitive procedures remains high. While a training system is in place, there is a need for more practice-oriented training and manuals, as well as a strengthened advisory function on the part of the central procurement institutions.

The public procurement review system underwent major reform in 2022, with the abolishment of a specialised review body and the **transfer of competence to handle public procurement disputes to courts**. The number of appeals has increased, which may indicate that the new system is encouraging a greater use of review mechanisms by economic operators. However, **a large share of appeals relating to being included on the list of ineligible bidders** is placing a heavy burden on the courts' capacity. **Data collection and reporting on the review system need improvement** to enable effective monitoring of its efficiency. The timeframe for decision making also remains a concern. The establishment of a dedicated judicial panel specialised in public procurement is expected to contribute positively to the quality and efficiency of the dispute handling. A significant shortcoming remains in the **review and remedies framework for PPPs** and concessions.

Figure 55. State of play in public procurement by type of criterion

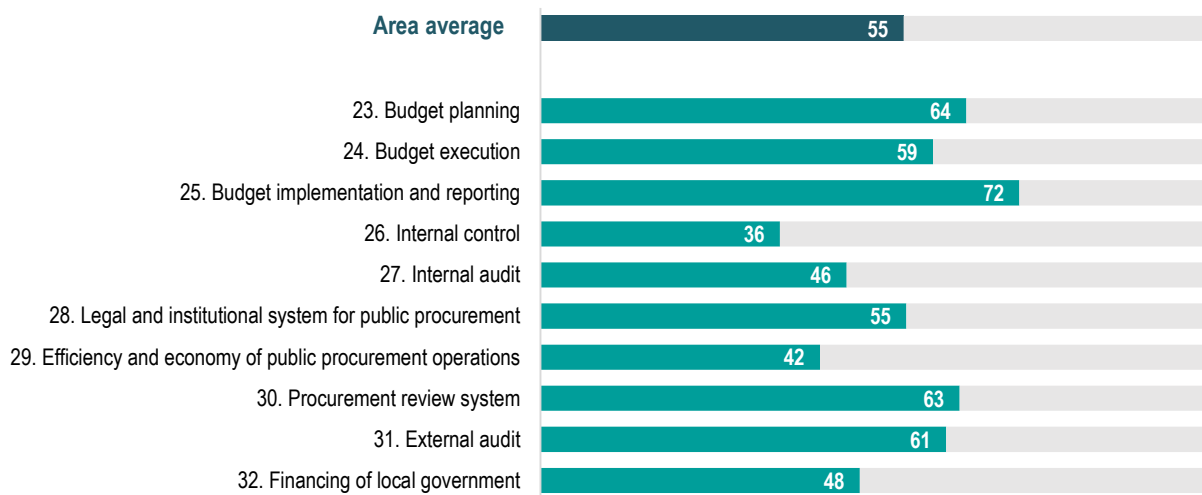


Note: This figure presents the results of the assessment by type of evaluated criteria: legislation; strategy and guidance; institutional set-up; practice in implementation; and results. The percentages represent the ratio of actual points awarded to the maximum possible points under each criteria type, calculated across all principles within the area.

The **external audit system is underpinned by a solid legal and constitutional framework**, with recent reforms enhancing the independence of the Audit Chamber, transparency and strategic planning. Despite these strengths, **some practical implementation issues**, such as the lack of external quality assurance, limited legislative engagement and underdeveloped follow-up mechanisms, **impact the effectiveness of the external audit function**.

Armenia has a legal framework supporting local fiscal autonomy, including a system for tax sharing and equalisation. However, in practice, there is an evident gap between legislation and practice and financial resources remain insufficient for municipalities to fully meet their responsibilities. Local government spending accounted for only 8.23% of total public expenditure in 2024, well below EU and regional averages. The fiscal equalisation system, operational since 2023, now provides over 31% of local revenues and reduces inequalities more than in most Western Balkan administrations. However, its effectiveness could be improved, indicating the need for better allocation formulas. Borrowing is legally allowed, but it is restricted to public sources and remains minimal. Audit and oversight mechanisms are weak and fragmented. Consultation between central and local governments is not institutionalised, and the national association of communities has little influence on financial decisions. A concept of decentralisation of powers was adopted in November 2023 with the goal of developing a corresponding strategy for decentralisation and the programme of measures arising from it by 2026.

Figure 56. Overall indicator values in the public financial management area



Notes: Area average is a simple average of the Principles within the area. Indicator 28 is the simple arithmetic average of indicators 28.1 and 28.2, and indicator 29 is the simple arithmetic average of indicators 29.1 and 29.2.

Figure 57. State of play in public financial management by type of criterion



Notes: This figure groups the results of the assessment by type of evaluated criteria, grouped into two groups: 1) legislation, strategy and institutions. 2) implementation and results. The percentages represent the ratio of actual points awarded to the maximum possible points under each of the criteria, calculated across all principles within the area.

Recommendations

1. The Government should consider establishing an independent fiscal oversight body to review the sustainability and effectiveness of fiscal policy.
2. The Government should ensure that the MTEF is an effective decision-making tool and that the ceiling established is broadly respected in preparation of the annual budget.
3. The Government should develop systematic spending review mechanisms and implement operational systems to review resource reallocation based on performance and changing priorities, thereby optimising budget execution and improving resource efficiency.
4. The Government should improve the monitoring and transparency of the SOE Sector and develop and publish a consolidated annual report on the financial and operational performance of SOEs.
5. The Parliament should develop its scrutiny of the Government's financial plans and budget, including developing its capacity to conduct such scrutiny by providing training and establishing formal procedures for review and debate.
6. The Government should develop formal, comprehensive legal and institutional frameworks for internal control and risk management.
7. The MoF should update its internal audit guidance and audit manual to align with the new and updated Global Internal Audit Standards.
8. The MoF should implement external evaluations of internal audit service in line with the government decree and international standards.
9. The Government should adopt a comprehensive and clear strategic framework for public procurement covering all sectors, with an accompanying updated action plan.
10. The MoF should revise the existing system of inclusion of economic operators on the list of ineligible bidders to remove its automatic nature and introduce the possibility of "self-cleansing".
11. The MoF should implement the planned development of a new e-procurement system that enables full use of electronic procurement by all contracting authorities and entities.
12. The MoF and the Ministry of Justice should collect relevant data and develop detailed analytics regarding the functioning of the review system.
13. The Audit Chamber should develop and implement a quality management system aligned with the revised International Standards of Supreme Audit Institutions (ISSAI) 140.
14. The Audit Chamber should develop and implement a robust and systematic process for follow-up of audit recommendations.
15. The MoF and the Ministry of Territorial Administration and Infrastructure (MTAI) Government should improve the fiscal equalisation system by updating the formulas and using more targeted, needs-based criteria to ensure fairer and more efficient distribution of funds to municipalities.
16. The Government should amend the legal framework to allow municipalities to borrow for capital investments from the market, while introducing prudent safeguards to ensure responsible debt management and prevent the risk of over-indebtedness.
17. The Audit Chamber should increase their annual audit coverage over local governments. It should also work with external auditors to ensure independent and timely oversight.
18. The MoF and the MTAI, in co-operation with local governments and their national association, should develop a transparent and publicly accessible database on local government finances. This database should include real-time information on tax bases, rates and collection levels to improve financial oversight, payment arrears and other financial data.

Analysis

Budget management

Principle 23: The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.

Armenia's legal and procedural framework for budget formulation is comprehensive, with clear timelines, medium-term targets and transparent processes aligned with fiscal policy priorities. Recent reforms have strengthened legal safeguards and strategic planning, but the credibility of the MTBF could be improved, and practical challenges remain in operationalising spending reviews and independent and parliamentary scrutiny, and managing fiscal risks.

Indicator 23. The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing the policy needs with the fiscal constraints		2025 indicator value	64/100
Sub-indicators		Points	
1. Budget calendar		5/5	
2. Preparation of the medium-term fiscal framework		14.4/15	
3. Strength of the medium-term budget framework		11/25	
4. First-level budget organisations		1/5	
5. Oversight of fiscal discipline by an independent institution		0/5	
6. Annual budget documentation		15/15	
7. Budget classification		4/5	
8. Planning and budgeting for capital investment projects		5/10	
9. Parliamentary scrutiny of the annual budget		4/10	
10. Public access to budget information		5/5	

Armenia's budget process is underpinned by a clear legal and institutional framework, notably the Law on the Budget System, which governs budget preparation, classification and oversight.³¹⁸ The country follows a structured annual budget calendar, with key milestones, such as the approval of the Medium-Term Expenditure Plan (MTEP) by 10 July and the submission of the draft state budget to Parliament by 30 September.³¹⁹ The medium-term fiscal framework plays a central role in fiscal planning. The Government develops and approves a three-year expenditure framework that sets quantitative targets for public debt (stabilising at 55% of GDP) and budget deficits (gradually reducing from -5.5% to -3.5% of GDP from 2025 to 2027).³²⁰ These targets align with fiscal rules designed to promote debt sustainability and fiscal discipline, reflecting a commitment to fiscal responsibility.

³¹⁸ Law on the Budget System of Armenia, Articles 16, 21, 39 and 41.4

³¹⁹ Decision No. 71-A of the Prime Minister, 2024 (Official Budget Calendar).

³²⁰ Medium-Term Expenditure Plan 2025-2027, Ministry of Finance.

The annual budget process provides alignment between medium-term priorities and the upcoming year's fiscal plans. First-level budget organisations (FLBOs), which include ministries, constitutional bodies, regional governors and other key institutions, play a crucial role in this process by preparing and submitting their sector-specific budget proposals within the set deadlines. Out of 45 FLBOs, 17 are neither ministries or constitutional bodies. They receive budget ceilings from the MoF, which serve as upper limits for their expenditures, and then develop their detailed budgets accordingly. These proposals are reviewed, negotiated and integrated into the overall national budget, so that each sector's funding should align with strategic priorities and fiscal constraints.

With respect to the MTEP for 2024-26, there was an aggregate deviation from the expenditure ceiling in the 2024 budget of around 8%, with some significantly higher deviations noted at a disaggregated level, indicating a weakness in the preparation and use of the MTEP as a decision-making tool. There were also deviations across successive MTBFs, with aggregate expenditure deviation of 5% and deviations at disaggregated level averaging 12% for the five largest spending ministries.

The Government publishes detailed budget documentation, including macroeconomic assumptions, fiscal risks and non-financial performance indicators, fostering greater public engagement and oversight. The Government does not have operational systems for regular spending reviews or reallocations across sectors, limiting resource optimisation.³²¹

Armenia currently lacks an independent authority dedicated to reviewing fiscal policy effectiveness and sustainability. Oversight is primarily through the Audit Chamber, which focuses on financial statements rather than policy evaluation.³²² Furthermore, Armenia's budget classification system is comprehensive, combining economic, functional, departmental and programme-based classifications. These enhance transparency and accountability and align with international standards.³²³

The planning and budgeting process for capital investment projects is tightly integrated within the MTEF and annual budget cycles, with all Public Investment Programs exceeding AMD 1 billion subject to evaluation and inclusion based on criteria established by Government Decree No. 175-N.³²⁴ The 2025 State Budget reflects multi-year commitments for major projects, detailed in supplementary annexes that specify objectives, timelines, costs and lifecycle information, ensuring comprehensive oversight. Legislation mandates rigorous cost/benefit analyses, especially for large projects, supported by regulatory frameworks,³²⁵ which emphasise detailed assessments, feasibility studies and independent review processes chaired by the Prime Minister. Operational and maintenance costs are to be estimated and included in appraisal documents, but current financial planning appears to omit recurrent costs from the MTEF, potentially impacting project sustainability.³²⁶ Due to limited access to information, it was not possible to determine whether the government employs structured selection criteria for project prioritisation, and whether these criteria ensure a systematic approach to public investment decision making.

³²¹ Government reports, no formal spending review system established.

³²² Government responses, no dedicated independent fiscal oversight body.

³²³ Law on the Budget System, Articles 39 and 41.4.

³²⁴ Government Decree No. 175-N of 9 February 2023 on Approval of the Procedure for Reviewing, Developing, Evaluating and Prioritising Public Investment Programmes.

³²⁵ Government Decision No. 175-N.

³²⁶ Armenia's 2025 Budget Message.

Parliamentary scrutiny of the MTEF is limited; the timeframe for debate and approval of the budget is shorter than internationally recommended, which constrains oversight.³²⁷

Armenia's budget documents, including the citizen's budget and open data formats, are publicly available, facilitating scrutiny and citizen engagement. The government now publishes budget data in machine-readable formats, increasing transparency and stakeholder engagement. The Citizen's Budget for 2025 has been made publicly available.³²⁸

Principle 24: The government supports budget implementation and service delivery by ensuring liquidity in the short and medium term.

Armenia's budget implementation relies on effective cash management, a comprehensive tax strategy and centralised debt and cash flow systems. While tax collection and compliance strategies are well-developed, actual revenues underperform initial targets, and regular debt and arrears data are limited. Armenia demonstrates a structured fiscal framework with robust legal and institutional controls, but challenges remain in revenue collection efficiency, data transparency, and operationalising arrears and debt management practices.

Indicator 24. Budget implementation and service delivery is supported by cash availability in the short and medium-term		2025 indicator value	59/100
Sub-indicators		Points	
1. Efficiency of tax collection		5/10	
2. Effectiveness of tax collection		3/20	
3. Treasury/cash management		10/10	
4. The reliability of financial data is supported by regular reconciliation of accounting information		2/5	
5. Cash flow management		5/5	
6. Commitment controls are established		7/10	
7. Management of expenditure arrears		10/10	
8. Debt management		7/10	
9. Government debt risk mitigation		5.5/10	
10. Reporting on public debt		4/10	

In 2024, 100% of personal income tax declarations were submitted electronically via the government's web portal, illustrating progress in digitalisation and administrative efficiency.³²⁹ However, SIGMA has not received sufficient information to assess the administrative cost of tax collection. The tax administration strategy emphasises a comprehensive compliance improvement plan, including risk management, taxpayer education and post-inspection measures, which has strengthened tax compliance and reduced

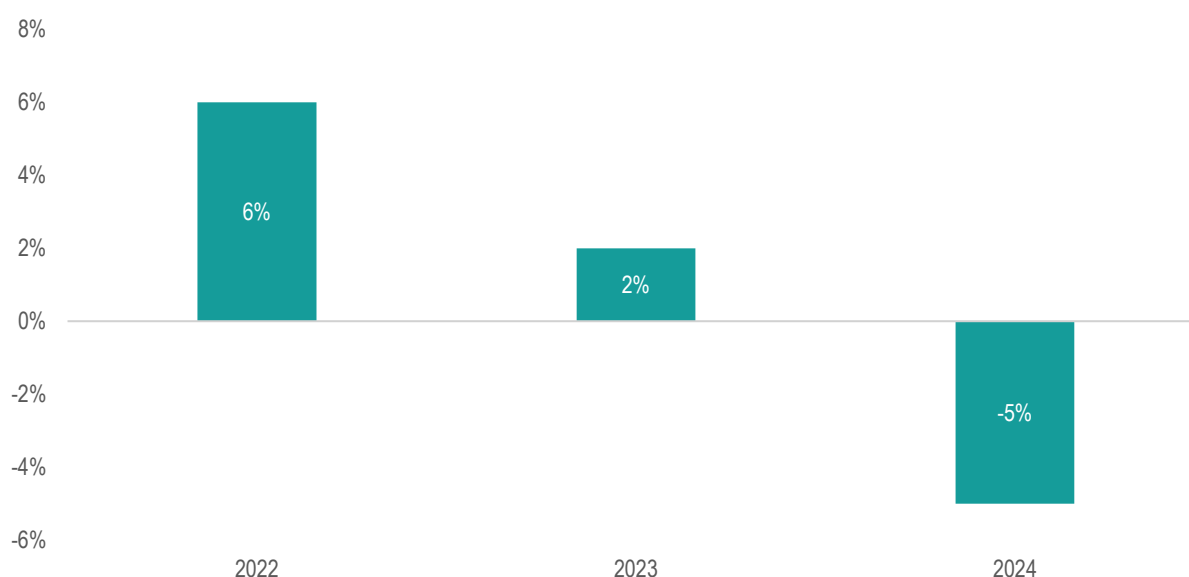
³²⁷ Minutes from Parliament sessions; Law on the Budget System.

³²⁸ MoF, official website.

³²⁹ MoF, 2024 data on electronic declarations.

tax evasion.³³⁰ Nonetheless, the recent annual tax outturn indicates that actual revenues across main categories (value-added tax, personal income tax and corporate tax) were below planned levels, with deviations ranging from -5.4% to -15.4%. At an aggregate level, revenues in 2024 were 4.6% below planned levels, whereas they were above planned levels by 5.9% in 2022 and 2.5% in 2023. These shortfalls highlight challenges in revenue predictability and collection efficiency.³³¹

Figure 58. Deviation of planned revenues against actual outturns, 2022 to 2024



Source: MoF Data.

Armenia's legal and institutional framework mandates that the MoF and the Treasury oversee cash management through the TSA. Coverage of the TSA is complete, consolidating all state revenues and expenditures into a unified account, thus ensuring full control over budgetary cash flows.³³² Regular aggregation of all central government bank accounts occurs daily, enabling accurate and timely reporting of the Government's financial position.³³³ Additionally, the system of commitment ceilings (established at the outset of the fiscal year) is operational, with controls embedded within the Treasury system to prevent overspending. The commitment control system, which automatically rejects contracts exceeding allocated budgets, has functioned effectively, contributing to fiscal discipline, although commitments are managed on a quarterly basis in accordance with quarterly budget ceilings.³³⁴

³³⁰ Tax Administration Strategy, 2021, <http://www.arlis.am/DocumentView.aspx?DocID=158492>.

³³¹ Actual tax outturn data, MoF, 2024.

³³² Law on the Budget System, Articles 15, 16 and 17.

³³³ Official Budget Calendar 2024, Decision No. 71-A, Office of the Prime Minister.

³³⁴ Government Decision No. 706, on budget execution procedures.

The MoF prepares annual cash flow forecasts based on expenditure and revenue projections from all budget organisations, updated monthly to reflect actual performance and emerging information.³³⁵ This systematic approach helps in aligning cash availability with planned expenditures. Commitment ceilings are set at the beginning of each fiscal year, with regular adjustments permissible within defined limits. During 2024, no supplementary budgets were submitted for parliamentary approval, with in-year adjustments within the defined limits and the Government exercising control over reallocations and supplementary revenues.³³⁶ Since there are no expenditure arrears to report, the percentage of arrears is effectively zero, as institutions fulfil their obligations in a timely manner and contract signing issues are due to budget constraints rather than outstanding arrears.

The Government publishes an annual medium-term debt management strategy, which emphasises risk mitigation through diversification, maturity profiling and prudent borrowing limits. As of early 2025, Fitch Ratings affirmed Armenia's long-term foreign currency rating at BB- with a stable outlook, reflecting confidence in the country's debt-management practices.³³⁷ The strategy sets clear debt-to-GDP targets (~55%) and monitors debt composition, including short-term and foreign currency risks. Legislation centralises debt issuance authority within the MoF, ensuring disciplined borrowing within approved limits.³³⁸ The Government's borrowing capacity is explicitly defined in the Budget Law, which sets annual deficit financing limits, although guarantees remain minimal and are not currently issued.

While the Government produces comprehensive reports on public debt, the publication of the 2023 national debt report was delayed beyond mandated deadlines, impacting transparency and timely oversight.³³⁹ Nevertheless, the report provides detailed breakdowns of debt stock, including external and domestic components, and explains deviations from debt management targets due to economic factors and structural changes. The reconciliation of financial data occurs weekly, supporting data reliability. However, no recent IT audits have been conducted to validate the integrity of information systems.

³³⁵ Order No. 433-A of December 2020, on cash flow forecasting methodology.

³³⁶ 2024 Budget Adjustment Reports, MoF.

³³⁷ Fitch Ratings, Armenia Long-Term Foreign Currency Issuer Default Rating, January 2025.

³³⁸ Law on State Debt, Articles 9, 11 and 16.

³³⁹ Public debt report, 2023, published October 2024.

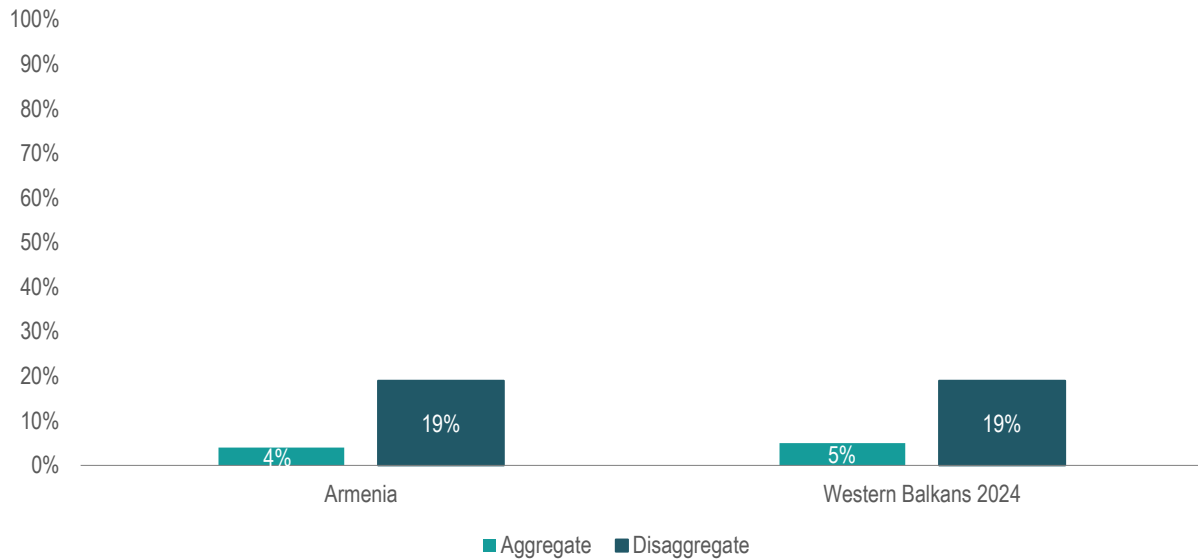
Principle 25: The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.

The Government generally reports on budget implementation in a timely, transparent and comprehensive manner, with adherence to legal requirements and independent audit assessments. While in-year and annual reports are published within designated timeframes, there are gaps in detailed reporting on fiscal risks, including on SOE performance. Armenia demonstrates a commitment to fiscal accountability, although further improvements could enhance transparency and oversight in certain areas.

Indicator 25. The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny		2025 indicator value	72/100
Sub-indicators			Points
1. Budget execution in line with appropriations			14.4/20
2. Fiscal targets			11.3/12
3. In-year reporting of government revenue, expenditure and borrowing			9/10
4. Clear accounting standards and consistency with international standards			4/8
5. Content of the annual financial report of the government			6/8
6. Reporting on capital investments			5.6/9
7. Monitoring and reporting on fiscal risks			7.5/9
8. Annual reports of state-owned enterprises, extra-budgetary funds and local government			2/10
9. Transparency and quality of the annual financial report			12/14

While the Government's aggregate expenditure deviation over the financial years 2022-2024 averaged approximately 4%, the credibility of disaggregated expenditure plans for the top ten government bodies was higher, with a 19% deviation.³⁴⁰ With respect to revenues, the aggregate revenue deviation over financial years 2022-2024 averaged approximately 4.6%. The level of credibility of expenditure plans is similar to that in the Western Balkans (Figure 59).

³⁴⁰ Deviations in expenditure and revenue plans, FY 2022-2024, MoF data.

Figure 59. Budget execution in line with appropriations

Source: MoF data.

The legal framework restricts in-year budget adjustments to no more than 3% of the total budget, with the Government adhering strictly to this limit, as verified by Supreme Audit Institution (SAI) reports.³⁴¹ Notably, there were no significant in-year amendments or reallocations during 2023 and 2024, indicating budget stability and disciplined adherence to legal restrictions.³⁴²

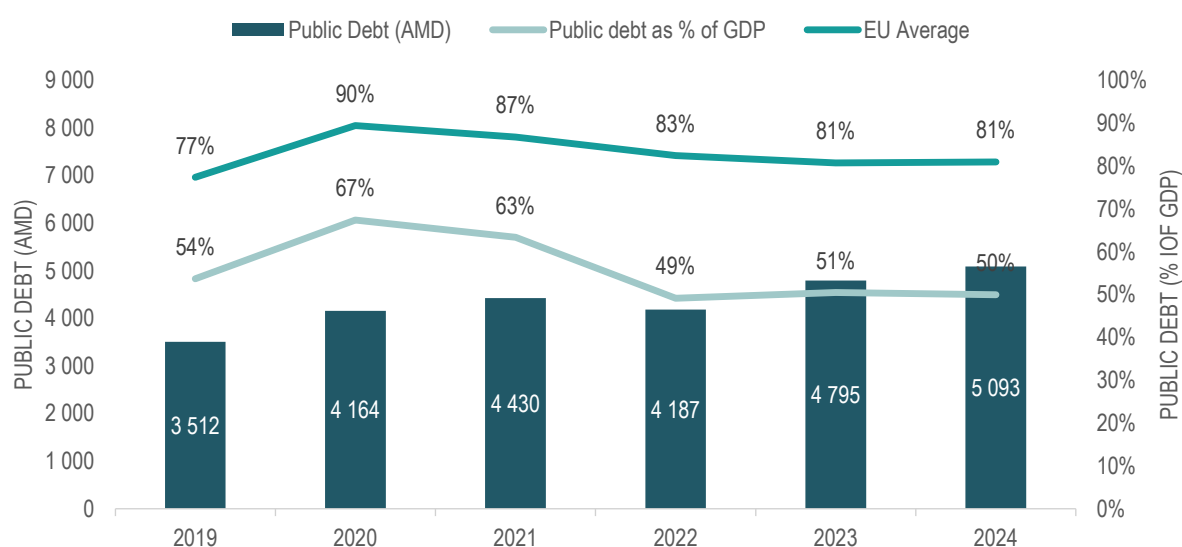
In 2024, Armenia's actual Government debt (AMD 4.893 billion) and fiscal deficit (AMD 376 billion) were both below their planned levels, demonstrating compliance with fiscal rules. The Government debt as a percentage of GDP was 48.0%, slightly below the target of 48.32%, but the deviation was negligible (0.32%). The fiscal deficit was lower than the planned 4.59% of GDP, at 3.71%.³⁴³

³⁴¹ SAI report on 2023 budget execution.

³⁴² Analysis of in-year amendments and reallocations, 2023-2024.

³⁴³ Budget Law and fiscal targets, 2024.

Figure 60. Stock of public debt and public debt as a percentage of GDP



Source: MoF Public Debt reports and Eurostat.

The MoF publishes quarterly reports on budget implementation, covering revenue, expenditure and borrowing, providing detailed data on government performance over the first nine months of the year. In addition, monthly reports provide timely and detailed insights into the fiscal activities, including revenues, expenditures and deficit financing.³⁴⁴ These reports are released within four weeks of the reporting period, ensuring regular oversight. The reports include comprehensive breakdowns by economic and functional classifications, covering all transactions of central government bodies, thus supporting transparency and accountability.

The Government's 2023 Budget Execution Report is comprehensive, covering total revenues, expenditures and borrowing, and providing detailed data on individual government bodies. It employs a structure consistent with the budget's presentation format, facilitating straightforward comparison with original estimates. The report explains variations from initial allocations, such as increases in social expenditures or project delays, thereby enhancing transparency.³⁴⁵ However, it does not include a comprehensive analysis of state assets and liabilities beyond financial liabilities and debt figures, which limits a full understanding of the Government's financial position, and no information is provided on environmental impacts. Additionally, while the report provides comprehensive data on capital investments, including their costs and physical progress, it does not explain variations from the original budget allocation for these projects, which limits the transparency and understanding of investment execution. Variations in capital budget have been between 11% and 18% in recent years, and it is worth noting that over the years, the variations are in both directions – in 2022 the actual capital expenditure was 11% higher than planned in the budget.

The Government submits its annual budget implementation report to the National Assembly within six months of the fiscal year-end, fulfilling legal requirements. The 2023 report was published in May 2024, approximately five months after year-end, meeting the timeline stipulated by law.³⁴⁶ The report was

³⁴⁴ Monthly and quarterly budget reports, MoF, 2024–2025.

³⁴⁵ Budget execution report, May 2024.

³⁴⁶ Law on the Budgetary System, adopted by the National Assembly on 24 June 1997, Article 25.1.

discussed in the plenary session, with the Audit Chamber providing an unqualified opinion. Presentation of the report to the Parliament prior to adoption of the next year's budget ensured timely scrutiny and accountability.

The Public Sector Accounting Standards are aligned with International Public Sector Accounting Standards in many respects, including accrual accounting and recognition principles. The 2023 budget report lacks full reconciliation of assets and liabilities, focusing primarily on financial liabilities, which constrains comprehensive fiscal oversight.³⁴⁷

The Government maintains a comprehensive fiscal risk management framework, encompassing risks from SOEs, private-public partnerships, guarantees, natural disasters and legal proceedings. The Fiscal Risk Management Department within the MoF is responsible for systematic risk assessment, data collection and monitoring. It reports directly to the Minister, ensuring centralised oversight. Regular risk assessments are conducted annually, as documented in the State Budget for 2025, with the risk management policy outlining acceptable risk thresholds, such as limits on guarantees relative to GDP and revenues.³⁴⁸ Nonetheless, the frequency of risk monitoring could be increased; currently, it is limited to annual updates, which might not be sufficient to address emerging risks promptly.

SOEs are required to submit annual financial statements within six months of the fiscal year end, with the MoF reviewing and approving these reports. However, the Government does not publish a consolidated report on the sector's overall financial performance, which limits transparency regarding the collective financial health of SOEs. Moreover, there are no mandatory audits or published reports for local government entities, which constrains oversight at sub-national levels.

³⁴⁷ 2023 Budget Execution Report.

³⁴⁸ State Budget for 2025, fiscal risk management policy.

Internal control and audit

Principle 26: Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.

The internal control framework is limited, lacking comprehensive regulations, co-ordination and formal assessment practices across government institutions. While some measures exist for confidential information and fraud management, overall, system development remains weak, with no overarching internal control strategy or regular risk management practices in place at entity or budget-organisation level. Strengthening these areas is essential for improved transparency, accountability and governance.

Indicator 26. Adequacy of the operational framework for internal control and its functioning in practice		2025 indicator value	36/100
Sub-indicators		Points	
1. Regulatory framework and development policy for internal control		0/10	
2. Co-ordination of internal control		0/10	
3. Adequacy and effectiveness of management and control systems in place		8.8/15	
4. Managerial accountability		6.8/15	
5. Reporting on internal control		8/10	
6. Regularity and completeness of risk management practices		0/15	
7. Institutional accountability		3/12	
8. Irregularity and fraud management		9.8/13	

The Government's strategic documents, notably the Public Financial Management Strategic Action Plan for 2025, primarily associate internal control with the internal audit function and the development of the Government Financial Management Information System.³⁴⁹ These initiatives aim to improve audit quality and professionalism, but they do not establish a comprehensive internal control system or detailed regulatory requirements applicable across all government bodies. No overarching regulations explicitly mandate a unified internal control framework for central government institutions, and no government-approved plan for internal control strengthening exists to date^{350,351}. This limited regulatory approach constrains the systematic development of internal controls beyond audit functions.

There is no designated body responsible for co-ordinating internal control activities across government entities, nor are there legal mandates requiring regular reporting on internal control implementation. Consequently, there is no institution-level or sector-wide reporting or assessment of internal control practices, leading to fragmented efforts and limited oversight.

While some ministries have established accountability lines and internal organisation acts, there is no evidence of regular self-assessments or evaluations of internal control systems at the central government level. The Central Harmonisation Unit (CHU) does not publish annual reports on internal control

³⁴⁹ Public Sector Internal Audit Development Plan, 2021-2025.

³⁵⁰ Strategic Action Plan for 2025, Appendix No. 1; MoF Order No. N 20-L.

³⁵¹ Government Programme, Actions to Be Implemented in 2019-2023, Appendix No. 2, Resolution No. 1716-L of 28 November 2019.

implementation, and the overall functioning of internal control remains unverified through formal assessments. However, inspection procedures related to confidentiality and control over state secrets are well defined and rigorously followed, with clear reporting channels mandated by the Law on State Secrets and Confidential Information.³⁵² Furthermore, controls against budget commitments are effectively embedded within the Treasury system, preventing overspending and arrears, which indicates operational discipline in fiscal management.

Institutions maintain structured accountability for confidential information, with procedures for inspections, reporting violations and safeguarding data outlined in law. Assets are updated annually through inventories conducted by relevant ministries and agencies, with inventory results integrated into financial statements.³⁵³ The asset management processes are functioning effectively at the operational level, with updated records and valuations maintained systematically.

Legislation clearly assigns responsibility for financial decisions to senior officials, notably the secretary general, with no delegation to lower levels. Despite this, the SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025, conducted in March-April 2025, indicates that public servants generally perceive that they are empowered and able to take decisions. Procurement and recruitment procedures predominantly require signatures at the level of secretary general or higher, although some minor delegations exist for low-value contracts or staff approvals below the ministerial level.

There is limited formal reporting on internal control activities, with no dedicated reports or evaluations produced at the national or institutional level. However, institutions provide quarterly financial and performance reports that include some aspects of internal control, such as asset management and compliance checks. The absence of systematic internal control reporting hampers oversight but does not preclude effective day-to-day control practices.

A significant weakness is the lack of formal risk management practices across government bodies. There are no legal requirements or established procedures for risk identification, assessment or mitigation, except for internal audit activities focused primarily on compliance audits. The State Revenue Committee assesses taxpayer risks but does not extend these practices to internal operational risks. The absence of a structured risk management framework limits proactive identification and response to operational, financial or strategic risks, increasing vulnerability to unforeseen challenges.

Ministries are responsible for co-ordinating budget preparation and oversight within their sectors, ensuring that subordinate bodies submit annual plans and reports. However, the standards for performance dialogue and monitoring of subordinate bodies are inconsistent. Some SOEs have formal agreements on business plans and performance indicators, monitored annually, but many do not, leading to gaps in accountability. The process for verifying performance and outcomes varies considerably across sectors.

While procedures for reporting irregularities and suspected fraud are regulated by civil service and disciplinary laws, there is no comprehensive framework for assessing or managing fraud and irregularities systematically. The internal audit activities primarily focus on compliance rather than risk-based fraud prevention. Moreover, co-ordination and co-operation mechanisms between bodies responsible for irregularities are absent, limiting effectiveness. Nonetheless, cases of detected irregularities are addressed through disciplinary measures, and investigative procedures are initiated when necessary.

³⁵² Law on State Secret and Confidential Information, Articles 16-20 and 24-27.

³⁵³ Information obtained from interviews with sample institutions.

Principle 27: Internal audit improves the management of public administration bodies.

The internal audit framework is well-established legally, emphasising independence, standards and quality assurance, but practical implementation remains limited. While internal audits and assessments are conducted in most institutions, there is no recent external evaluation, and the development of a comprehensive, fully operational internal audit system is still underway. Strengthening institutional capacity and external oversight is essential for enhancing audit effectiveness and governance.

Indicator 27. Adequacy of the operational framework for internal audit and its functioning in practice		2025 indicator value	46/100
Sub-indicators			Points
1. Adequacy of the regulatory framework for internal audit			9/10
2. Co-ordination, development and guidance of the internal audit system			5/10
3. Organisational capacity for internal audit			5/10
4. Independence and objectivity of internal audit			9.9/15
5. Strength of planning of internal audit in budget organisations			0/10 ⁱ
6. Quality of audit reporting			3.2/10 ⁱ
7. Follow-up and implementation of audit recommendations			5/15
8. Certification and professional development			5/10
9. Existence of a system for quality assurance of internal audit			4/10

ⁱ Data not available or not provided.

The Law on Internal Audit provides a comprehensive legal basis for internal audit, explicitly emphasising independence. Article 2, Section 11 of the Law on Internal Audit defines independence as the separation of internal audit from other organisational functions, reinforced by provisions granting auditors unrestricted access to information and reporting directly to top management or audit committees.³⁵⁴ Additional safeguards, such as restrictions on auditors' involvement in other activities, bolster operational independence, aligning Armenia's legal framework with international standards.³⁵⁵

Furthermore, the law specifies powers, duties and organisational requirements, including establishing internal audit units in all public organisations, with clear qualifications and standards for auditors.³⁵⁶ The legislation also mandates adherence to internal audit standards, the code of ethics and reporting arrangements, thus creating a robust legal foundation supporting effective internal audit activities.

Despite the comprehensive legal framework, Armenia lacks a fully operational, co-ordinated internal audit development system. The 2025 Strategic Action Plan for Public Financial Management, approved in January 2025, includes initiatives to enhance internal audit standards, conduct external quality assessments and develop capacity.³⁵⁷ However, the current status indicates that the internal audit

³⁵⁴ Law on Internal Audit, Articles 2, 5-8, 10, 11 and 13.

³⁵⁵ Law on Internal Audit, Articles 7 and 8.

³⁵⁶ Law on Internal Audit, Articles 5, 7, 8 and 10.

³⁵⁷ Strategic Action Plan for 2025, Order No. N 20-L of 23 January 2025.

development plan for 2024 has not been finalised, and the CHU has faced staffing shortages and limited functioning over the past four to five years.³⁵⁸

While national guidelines for internal audit exist (Order No. 143-N, 2012), the CHU's capacity to co-ordinate or guide audit practices across institutions remains limited. There have also been no regular co-ordination meetings of internal auditors or external assessments of audit practices. The current guidelines and audit manual are based on the former international internal audit standards and do not incorporate the requirements of the updated Global Internal Audit Standards,

The internal audit capacity within central government is relatively high, with 46 out of 51 institutions having established internal audit units as of December 2024.³⁵⁹ Most units are staffed with at least two auditors, and all staff auditors are certified, demonstrating a solid professional base. Nonetheless, outsourcing of internal audit services in 21 institutions has led to varied quality levels, with audits conducted by external providers sometimes perceived as less effective than in-house functions.

The independence of internal auditors is well protected legally, with 100% of internal audit heads reporting directly to senior management, usually the head of the organisation.³⁶⁰ However, the SIGMA Survey of Public Servants on the functioning of public administration 2025 indicates that there are some concerns around independence among auditors, with 29% indicating that they combine their audit role with other work, and only 54% affirming that they operate free from interference in conducting their work. Additionally, there are some concerns about operational influence for outsourced functions, where external providers may face organisational limitations.

The quality of internal audit planning is mixed. While 63% of central government institutions with established internal audit units develop and update strategic and annual audit plans, only a subset (notably the Ministry of Foreign Affairs, the State Revenue Committee and the Statistical Committee) develop audit plans based on comprehensive risk assessments.³⁶¹ The audit plans for outsourced audits are generally considered less robust, lacking detailed risk analysis and stakeholder engagement.

Audit reports are produced in most institutions, but access to these reports was restricted due to confidentiality, limiting any evaluation of report quality. Nevertheless, internal self-assessments conducted by internal auditors of budgetary institutions, as reflected in the Annual Report on the Internal Audit System of the Public Sector for 2023, show improvements in audit effectiveness, with scores rising from 3.4 in 2021 to 3.7 in 2023, on a five-point scale.³⁶² Follow-up on recommendations remains weak, with only 33% of recommendations from 2023 followed up within a year, partly due to the contracted-out nature of some audit functions.

The regulatory framework provides for a formal quality assurance scheme, including internal and external assessments. While internal assessments have been conducted in 14 out of 46 internal audit units in 2024, external assessments of internal audit units have not been conducted in the last five years, although regulations (Government Decree No. 896-N, 2013) mandate such evaluations at least once every five years.³⁶³ Currently, a process is being developed involving a joint effort between the CHU and an external expert, with the aim to initiate external assessments soon. The absence of external evaluations to date

³⁵⁸ CHU Annual Report, 2023, MoF, 2024.

³⁵⁹ *Ibid.*

³⁶⁰ SIGMA Survey of Public Servants on the functioning of public administration in Armenia 2025.

³⁶¹ Internal Audit Manuals Guidelines, Order No. 143-N, 2012.

³⁶² Internal Audit System Evaluation Reports, 2021-2023.

³⁶³ Government Decree No. 896-N of 8 August 2013.

limits the objectivity and credibility of internal audit quality assurance, although the framework for such assessments exists.

All internal auditors are certified, and a professional development programme is mandated by Ministerial Order No. 516-N (December 2023). The Order emphasises ongoing training and adherence to international standards. However, in practice, there was no active professional development programme in 2024, as has been the case for several years.

Public procurement

Principle 28: Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.

While the applicable legislation essentially reflects fundamental public procurement principles and is broadly aligned with the 2014 EU Directives, several gaps remain. Key instruments and tools, such as framework agreements, are not reflected in the PPL.

Indicator 28.1. Quality of legislative framework for public procurement and PPPs/concessions	2025 indicator value	65/100
Sub-indicators	Points	
1. Application of fundamental EU policy goals and Treaty principles across the spectrum of procurement legislation	28/30	
2. Level of alignment of public procurement legislation for contracts above EU thresholds with the EU Directives	11/35	
3. Level of alignment of PPPs/concessions legislation for contracts above EU thresholds with the EU Directives	8/15	
4. Level of alignment of procurement legislation for contracts below EU thresholds with the EU Treaty principles	18/20	

The PPL³⁶⁴ and secondary legislation demonstrate broad compliance with relevant EU legislation. The regulatory framework reflects fundamental EU principles of transparency, equal treatment and non-discrimination.

Exclusions from the application of the PPL are not fully consistent with the EU *acquis* and go beyond it. These include exclusions related to the Central Bank and certain aspects of organising electoral processes.

Eligibility criteria for participation in procurement mirror the exclusion grounds set out in the EU Directives. However, the most significant discrepancy is the way economic operators are excluded and listed as ineligible to participate in the procurement process. This is of particular concern, as the inclusion on the list of ineligible bidders is automatic and allows no room for “self-cleansing”, which results in a very high number of excluded economic operators.³⁶⁵ The implementation burdens and inefficiencies caused by this system are reflected in the fact that more than 70 % of appeals in 2024 were lodged in this context and the correlated unilateral termination of contracts.

Several procurement tools, such as dynamic purchasing systems, framework agreements, design contests and qualification systems, established under the EU Directives, do not feature in the PPL. The types of

³⁶⁴ PPL, No HO-21-N (as amended).

³⁶⁵ This issue was raised by a number of stakeholders during SIGMA interviews conducted in April 2025, with the most significant comments coming from the review body itself (the Court of Yerevan).

procurement procedures defined in the PPL do not fully correspond to those foreseen in the Directives. It lacks procedures such as competitive dialogue and innovation partnerships.

There are also discrepancies in key definitions, including those related to contracting authorities and entities, public procurement, types of contracts and mixed contracts.³⁶⁶ The PPL does not include provisions allowing economic operators to rely on third-party capacities or mechanisms for “self-cleansing”. Moreover, there are no specific provisions on preliminary market consultations, prior involvement of candidates or tenderers, occasional joint procurement, procedures for social and other specific services, or contract modifications.

Competitive procedures are the standard method for conducting procurement, and the PPL lists grounds for the application of single-source procurement. However, the wording of some of the grounds is not fully aligned with EU provisions, such as the requirement that urgency not be attributable to the contracting authority.³⁶⁷

Time limits are largely aligned with the EU Directives, although some discrepancies remain, for instance in cases of urgency under the open procedure,³⁶⁸ for which the PPL provides for shorter time limits.

The EU Utilities Directive has not been transposed. While the PPL incorporates basic procurement concepts relevant to contracting entities, such as sectors and activities, it also stipulates that procurement carried out by public organisations (entities that correspond to contracting entities), shall be governed by procedures adopted by those organisations. Therefore, it cannot be concluded that the legal framework fully applies to utilities.

The EU Defence Procurement Directive has not been transposed.

The PPL mandates the publication of procurement notices and contract award results on a central website.³⁶⁹ It allows the use of the best price-quality ratio as an award criterion without restriction. However, the PPL does not reflect the provisions of EU Directives on incorporating environmental and social considerations in procurement procedures.

The basic threshold for the application of the PPL is low, ensuring that procurement principles are applied even below the EU threshold.

The MoF is currently preparing amendments to the PPL. Although consultations have been held during the preparation of the amendments, the process has been criticised by some stakeholders as not sufficiently inclusive.³⁷⁰

Concessions and PPPs are governed by a separate PPP Law, which outlines private partner selection procedures that incorporate the principles of competition, transparency and fairness. Nevertheless, the procedures for contract award, definitions and exclusions in the PPP Law are not fully aligned with the EU *acquis*. Notably, there is no definition of a concession that would reflect the EU concept of transferring operating risk. The legal framework also lacks detailed provisions on contract modifications and does not align the scope and exclusion criteria with EU standards. The PPP Law mandates the publication of key

³⁶⁶ The definition of “public bodies” in Article 2(1)(1) only covers influence through shareholding, whereas the EU definition also covers management supervision and appointment of board members. Furthermore, the EU definition also includes that the public body must serve needs in the general interest, and that it must not have a commercial character. These elements, as well as the formal reference to bodies governed by public law, appear to be missing in the PPL.

³⁶⁷ Article 32, paragraph 2, c) of Directive 2014/24/EU.

³⁶⁸ For example, in cases of urgency, the deadline for submission of tenders in an open procedure is 10 days (PPL, Article 20, paragraph 4), whereas Directive 2014/24/EU, Article 27(3) sets this at 15 days.

³⁶⁹ Procurement System website, <https://procurement.minfin.am/en/>.

³⁷⁰ SIGMA interviews, April 2025.

documents and results and ensures disclosure of evaluation outcomes. However, allowing non-public, closed procedures under certain circumstances raises concerns about transparency and alignment with EU norms.

Central institutions effectively support, steer and co-ordinate implementation, enforcement and monitoring of the public procurement system

The institutional set-up for developing and implementing public procurement policy is in place. The strategic framework and its corresponding action plan are neither comprehensive nor up to date. There is a need for more practice-oriented training, a strengthened advisory function and development of comprehensive manuals. Institutional co-operation and co-ordination should be improved, particularly in relation to development of the legal framework and its interpretation. Monitoring and reporting of the procurement system should also be enhanced, with a focus on introducing risk-based approaches.

Indicator 28.2. Central institutions effectively support, steer and co-ordinate implementation, enforcement and monitoring of the public procurement system		2025 indicator value	45/100
Sub-indicators		Points	
1. Quality of the strategy and action plan for development of public procurement and PPPs/concessions		4/23	
2. Green procurement performance		0/12	
3. Performance of socially responsible procurement		0/12	
4. Central institutions to develop and implement public procurement policy effectively and efficiently		20/22	
5. Central institutions to develop and implement PPPs/concessions policy effectively and efficiently		9/12	
6. Quality of monitoring and reporting on public procurement system		12/19	

Armenia has developed a framework for the public procurement system that demonstrates certain strategic intentions but remains underdeveloped in critical areas. The Prime Minister's Decision No. 977-L of 2022 outlines a strategic concept aligned with the Government's Action Plan for 2021-2026. This document includes time-defined measures that concluded in 2023 and introduces ongoing measures that are outlined broadly. While the strategy reflects an effort to guide the development of public procurement and includes references to integrity and transparency improvements, it does not comprehensively address all necessary policy framework components. Notably, there is a lack of substantive content on PPPs and concessions. The strategy does not contain specific key performance indicators, making it challenging to assess the success of ongoing or completed activities.³⁷¹

There is no action plan accompanying the strategic framework that meets fundamental criteria. While the Prime Minister's Decision mentions expected results and certain measures, it lacks detailed activities, institutional responsibilities, timelines and financial planning. Most of the measures are categorised as "continuous", without milestones or specific targets. The Government Action Plan for 2021-2026 does include references to procurement activities, but these do not extend beyond 2023 and lack the necessary detail to serve as an operational tool for implementation. For example, there is no reference to the ongoing process of drafting and adopting amendments to the PPL. Without an updated and structured action plan, monitoring and accountability are significantly hindered.

³⁷¹ SIGMA interviews, April 2025.

The monitoring and reporting mechanisms are also insufficient. There is no evidence of annual monitoring being conducted according to a structured methodology. Reports related to the implementation of the strategy are either absent or do not focus on procurement-specific elements. As a result, it is not possible to evaluate implementation rates or determine the effectiveness of the strategy or any associated action plan.

Central institutional capacity for developing and implementing procurement policy is well defined. The MoF, through its Procurement Policy Department, is the designated authority with responsibilities for drafting legislation, monitoring procurement activities and providing operational and advisory support. The legal framework clearly allocates responsibilities for policymaking, legislative drafting, dissemination of procurement information, oversight, international co-ordination and capacity building. However, the quality of advisory and operational support provided in practice has been criticised by some stakeholders, who have reported issues such as delayed responses and a formalistic approach in the support provided.³⁷²

Co-operation and co-ordination mechanisms between key institutions exist, but they need to be improved, particularly in order to ensure broader institutional inclusion in the process of amending the PPL and a unified approach to its interpretation.³⁷³

While the State Supervision Service and the Competition Protection Commission are mandated to perform controls and assess procurement practices, there is no evidence of a systematic, risk-based approach. The lack of structured red-flag systems and the need for enhancements to the e-procurement platform have been highlighted as barriers to effective oversight.

The Ministry of Finance holds policymaking authority regarding PPPs and concessions. The legal framework designates roles for drafting legislation and providing advisory and operational support through the PPP Unit. Some guidance documents and training are available, but the overall institutional framework remains fragmented and lacks a coherent underlying strategy.

Monitoring and reporting of the procurement system are facilitated by the ARMEPS platform, which serves as the central digital tool for procurement processes. ARMEPS allows for the publication of procurement notices and tender submissions and supports basic contract management functionalities. Although it provides access to selected procurement data and search functionalities, not all contracting authorities use the platform, the data presented is not complete and not always machine-readable. Efforts to upgrade the system are ongoing and are necessary to ensure comprehensive monitoring across the procurement cycle. While the system provides quantitative data, qualitative performance indicators are absent from current monitoring practices. While search tools are functional and the interface is user-friendly, the limitations in data aggregation, analysis and downloadability restrict the usefulness of the system for advanced monitoring and public accountability.

Annual reports on public procurement are publicly accessible and include some consolidated procurement data, but they fail to present a holistic view of system performance. Notably, aspects such as contract execution and delivery are not sufficiently covered.

³⁷² SIGMA interviews, April 2025.

³⁷³ SIGMA interviews, April 2025

Principle 29: Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.

The number of participants in competitive procurement procedures is increasing but remains relatively low. The share of non-competitive procedures is still high, particularly in terms of contract value. Furthermore, the number of PPP/concession contracts remains limited. Full electronic public procurement does not yet extend to all contracting authorities and entities. Contract management also requires significant improvement.

Indicator 29.1. Efficiency, economy and competitiveness of public procurement operations		2025 indicator value	39/100
Sub-indicators		Points	
1. Planning and preparation of the public procurement procedure		7.5/8	
2. Share of competitive public procurement procedures		1.6/5	
3. Efficiency of modern tools and techniques		0.6/15	
4. Penetration of e-procurement		1/7	
5. Quality of tender documents		5/6	
6. The use of contract award criteria		2.3/8	
7. Performance of public procurement market		9.7/30	
8. Performance of PPPs/concessions market		6/6	
9. Contract management		2.6/9	
10. Contract management for PPPs/concessions		1/4	
11. Ex post evaluation of the procurement process and of contract performance		1.7/2	

The procurement planning process demonstrates strong formal adherence to requirements, with procurement plans being published on time. However, implementation issues have been identified, as reflected in the relatively high share of cancelled competitive procedures, which stood at 13.1% in 2024.

In 2024, 82.5% of the total value of contracts was awarded through competitive procedures. However, by number of tenders, only 55.8% of procedures were competitive. This discrepancy highlights significant room for improvement in expanding the use of competitive procurement methods.

The use of modern procurement tools remains significantly underdeveloped. Armenia's current legal framework does not provide for the use of framework agreements or dynamic purchasing systems. As a result, there are no relevant guidelines, and these instruments are not used in practice. Centralised purchasing practices are also absent.

In 2024, the lowest price criterion was used in 36.7% of competitive procedures, indicating a reasonably satisfactory level of application of the price/quality criterion. However, there are no tools available to support contracting authorities in applying the most economically advantageous tender criterion, such as scoring systems, life-cycle costing and award strategy models.

There has been an increase in the average number of participants in competitive procurement procedures. In 2024, the average number of tenders submitted per competitive procedure was 2.5, compared to 1.9 in 2022.

No comprehensive data are available on key elements such as the participation of small and medium-sized enterprises, single-bid procedures and the practice of lot division.

The e-procurement platform ARMEPS is operational and serves as a central hub for publishing procurement plans, notices and tender documents, as well as for tender submission, contract management and related functions. The platform collects and processes data on procurement procedures, including key information required by the standard forms used in Tenders Electronic Daily. These data are used by the MoF to compile statistical reports.

However, the use of electronic procurement is not mandatory for all contracting authorities, and some procurement procedures remain unregistered on the platform. As a result, full implementation of e-procurement has not been achieved. In 2024, only 40.8% of procurement procedures used e-submission. Electronic invoicing is also not mandated. Ongoing efforts are underway to develop a new central public procurement platform, which is expected to support mandatory, full-scale electronic procurement.

Contract management remains a critical weakness in Armenia's procurement system. Although certain functionalities, including the Procurement Plan and Contracts Management module, are available within the ARMEPS platform, they are only partially used and do not provide a comprehensive view of contract execution or compliance with contractual obligations. No standardised guidelines on contract management have been issued, and data on contract amendments, quality assurance during implementation and payment compliance are not systematically collected or reported. This fragmentation extends to PPP and concession contract management, where guidance is limited and progress on execution is not made publicly available. While some guidelines on PPPs exist, they are insufficient to cover the full lifecycle management of such complex arrangements. Furthermore, there is no systematic mechanism for ex post evaluation of procurement processes or contract outcomes.

Availability and quality of support to contracting authorities and other actors to strengthen professionalisation of procurement operations

Key materials are available to support contracting authorities in complying with procedural rules. The MoF offers consultations through its help desk for both contracting authorities and economic operators. A certification system for procurement officers is in place. Additional guidance is needed, particularly with a focus on practical examples and sector-specific issues. There is also a need for more practice-oriented training, as well as structured training programmes for economic operators.

Indicator 29.2. Availability and quality of support to contracting authorities and other actors to strengthen professionalisation of procurement operations		2025 indicator value	45/100
Sub-indicators		Points	
1. Availability of advisory and operational support		22/36	
2. Availability of advisory and operational support for PPPs/concessions		6/12	
3. Availability of quality training for procurement officers and other actors		11.4/28	
4. Availability of quality training for officers and other actors in the area of PPPs/concessions		0/12	
5. Role of civil society		6/12	

Advisory and operational support is mainly provided by the MoF. Model documents, forms, manuals and a section for frequently asked questions are available on the official procurement website. While this offers

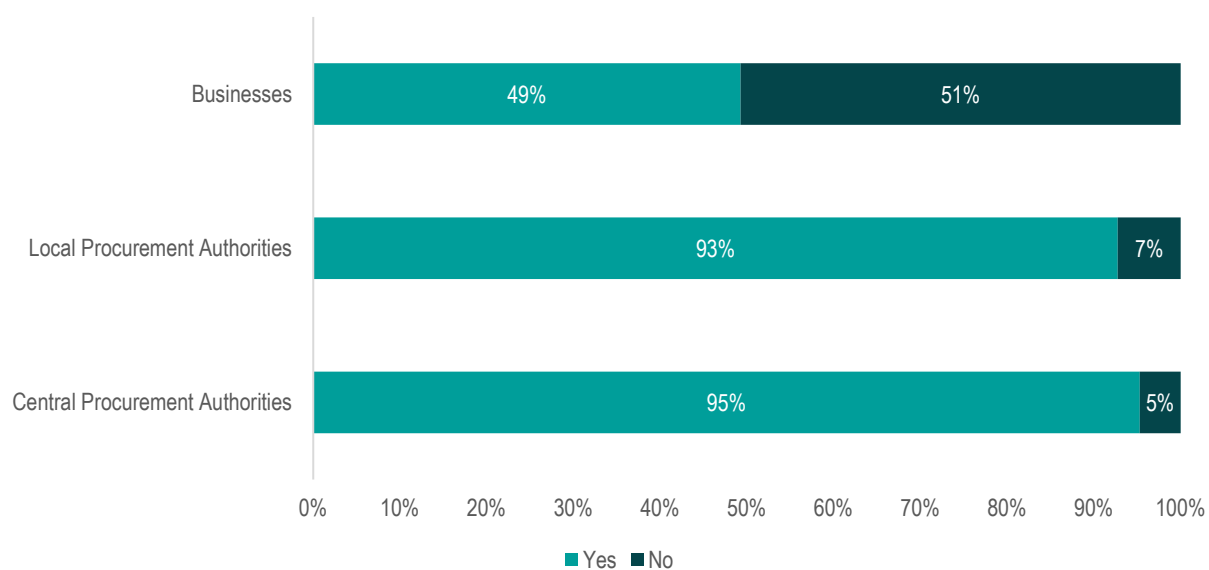
a degree of structured guidance, feedback from contracting authorities and economic operators indicates that the assistance remains overly legalistic and lacks practical orientation.³⁷⁴

Mechanisms for co-ordinating legal interpretation among key procurement institutions require strengthening. Although there is some evidence of inter-agency communication, stakeholders call for a more structured and regular interaction.³⁷⁵

Manuals and guidelines exist and are generally aligned with current legislation, but they do not comprehensively cover all stages of the procurement cycle. Sector-specific guidance is notably absent, especially for high-value or complex procurements. While standard procurement forms are accessible and are up to date, they are often overly complex and do not include practical examples.

The SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system in Armenia 2025, conducted in April-May 2025, indicate that more than nine out of ten contracting authorities (both central and local) have used the guidelines in the last year, while only half of the companies have used them. Among those contracting authorities who have used them, 72% gave a rating of 4 or 5 on a five-point scale (where 1 means “not useful at all” and 5 means “extremely useful”). Among businesses, 48% gave a rating of 4 or 5. The arithmetic mean of positive responses from both groups is 60%, indicating room for improvement, especially for businesses.

Figure 61. Usage of guidelines



Source: SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2025.

In relation to PPPs and concessions, advisory mechanisms are available via the Ministry of Finance through direct communication channels. However, there is no dedicated or regularly updated repository of practical problem-solving resources for PPPs. While guidelines exist, the absence of standard forms and tools with practical examples significantly undermines the support framework.

³⁷⁴ SIGMA Interviews, April 2025.

³⁷⁵ SIGMA Interviews, April 2025.

Training for procurement officials is formalised but remains insufficiently robust. A certification scheme is in place, and procurement co-ordinators are required to undergo training every three years. A central curriculum exists and is aligned with national regulations, with materials generally updated to reflect legal changes.

The 2025 SIGMA surveys show a relatively high level of satisfaction with procurement training. Among contracting authorities, 81.8 % of respondents rated the training at 4 or 5 on a five-point scale (where 1 means “not useful at all” and 5 means “extremely useful”), and 69 % of business respondents gave the same rating. The arithmetic mean of these two groups' positive responses is 75.4 %.

However, stakeholders emphasised the limited practical orientation of these training programmes.³⁷⁶ Moreover, there is no routine collection of feedback from participants, nor is there any documented evaluation of training quality. Training for economic operators is not structured or regularly provided, although occasional outreach activities take place.

There is no regular training programme on PPPs and concessions. Training content is delivered on an ad hoc basis, and there is no standardised curriculum.

The role of civil society in procurement oversight remains limited, despite the existence of formal mechanisms intended to promote engagement.³⁷⁷ Civil society organisations can access procurement information through the ARMEPS platform, but barriers persist due to incomplete e-procurement coverage and difficulties in accessing contract performance data. In some cases, classifications of procurement as secret or confidential appear to be applied inappropriately, further limiting transparency.

The inclusion of civil society representatives in certain activities is widely viewed as formalistic, without genuine engagement. The MoF established a List of Public Organisations and Persons Carrying Out Informational Activities Entitled to Participate in the Process of Adoption of the Results of Contract Performance, but this mechanism is not used in practice fully.³⁷⁸

³⁷⁶ SIGMA Interviews, April 2025.

³⁷⁷ SIGMA Interviews, April 2025.

³⁷⁸ SIGMA interviews, April 2025.

Principle 30: An independent procurement review system ensures effective, rapid and competent handling of complaints.

The remedies system is largely aligned with EU *acquis* standards and is based on a judicial review model. The number of appeals has been increasing, with a significant proportion relating to the inclusion of economic operators on the list of ineligible bidders. Detailed analytics and statistics on the review process are not available, and the timeframe for decision making raises concerns.

Indicator 30.1. Independence, effectiveness and competence of the review system		2025 indicator value	63/100
Sub-indicators		Points	
1.	Mechanisms and procedures to challenge procurement decisions	10/18	
2.	Mechanisms and procedures to challenge decisions taken by contracting authorities as regards PPPs/concessions	1/8	
3.	The independence and responsibility of the review body and its members	13/13	
4.	The independence and responsibility of the review body for PPPs/concessions and its members	6/7	
5.	Effectiveness of handling complaints by the review body and mechanisms to ensure implementation of its decisions	4/9	
6.	Effectiveness of handling complaints by the review body and mechanisms to ensure implementation of its decisions for PPPs/concessions	0/5	
7.	Complaint submission in practice and fairness of fee rates for initiating review procedures	6.4/9	
8.	Quality of decision making by the review body	11/11	
9.	Right to challenge decisions of the review body which is not judicial in character	4/6	
10.	Public availability and timeliness of data on the review system	8/14	

The review system was significantly reformed in 2022 with the introduction of court jurisdiction to handle public procurement complaints. The PPL stipulates the right to appeal as prescribed by the Civil Procedure Code³⁷⁹ and provides that public procurement cases are to be adjudicated under civil law rather than administrative law. The Civil Procedure Code specifies that cases concerning public procurement shall be examined in the Court of First Instance of General Jurisdiction of the City of Yerevan. Appeal fees are regulated by the Law on State Duty.³⁸⁰

The provisions on review and remedies are largely consistent with the EU *acquis*, although some discrepancies remain. Time limits for appeals are not in line with the Remedies Directives in cases where procedures are not fully electronic. The same applies to the standstill period. Mechanisms for declaring contracts ineffective and for imposing alternative penalties are also not fully aligned with the concept of ineffectiveness as defined in the Remedies Directives.

A significant shortcoming relates to the review and remedies framework for PPPs and concessions. The PPP Law outlines the procedure for appeal through judicial proceedings but does not specify the competences of the court. Moreover, the Civil Procedure Code contains no provisions specific to PPPs or concessions.

³⁷⁹ Civil Procedure Code of the Republic of Armenia, Law No. HO-110-N (as amended).

³⁸⁰ Law HO-186 On state duty (as amended).

As the public procurement review body is a judicial authority, its roles and functions, the procedures for appointing judges and terminating their powers, and the rules of conduct for judges are governed by the legislation on the judicial system. Judicial matters are regulated by the Judicial Code. Provisions on conflicts of interest are also defined within the same framework, while the Law on Public Service requires the declaration of property, income and interests.

Judges use internal mechanisms to ensure the quality and integrity of decisions, and a specialised panel of nine judges has been established to enhance decision quality.³⁸¹ However, there is still a need to further strengthen judicial capacities in this area and to improve overall co-operation with the MoF on further development of the public procurement system.

Appeals are lodged and managed using the electronic document system operated by the Judicial Department of Armenia and the Electronic Litigation system.³⁸² Court decisions are publicly available on the official procurement website.³⁸³ However, there is no search engine to access these decisions. They are also accessible via an online court proceedings service,³⁸⁴ which offers only a partial search function that does not support specific procurement-related criteria.

There is a need to update certain information materials and tools on the official procurement website³⁸⁵ related to appeal procedures, in order to reflect the new review system.

In 2024, 310 appeals were filed, a notable increase compared to 210 in 2023. The change in the system appears to be encouraging economic operators to make greater use of the review mechanism.

It is preoccupying that the largest share of complaints in 2024 relates to the inclusion of economic operators on the list of ineligible bidders (41.3 %) and the correlated unilateral termination of contracts (32.3 %). A smaller proportion of appeals concerns the conditions set out in the invitation (5.2 %) and decisions made by the evaluation committee (21.3 %), areas that are critical for safeguarding the regularity of public procurement procedures and the application of procurement principles.

³⁸¹ SIGMA interviews, April 2025.

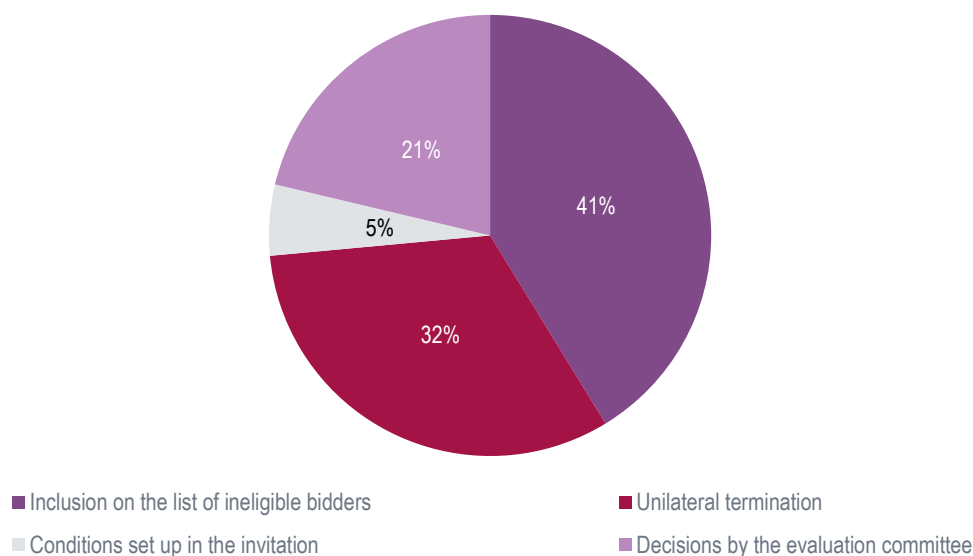
³⁸² Electronic Litigation system website, <https://cabinet.armlex.am>.

³⁸³ Procurement system website, <https://procurement.minfin.am>

³⁸⁴ Court proceedings service website, <https://datalex.am>.

³⁸⁵ Procurement system website, <https://procurement.minfin.am>.

Figure 62. Subject matter of appeals



Note: Percentage of appeals by motive (2024).

Source: Annual Reports on Public Procurement, MoF.

However, there are no detailed statistics or annual reports on the functioning of the review system. The annual public procurement reports include an appendix on judicial complaints, which provides a list of the appeals lodged that contains only basic information. It does not offer a comprehensive analysis of the review procedures or the overall functioning of the review and remedies system. As a result, it is difficult to assess the actual performance and effectiveness of the new remedies system, especially in terms of decision-making timeframes. An analysis of sample court decisions indicates that, in some cases, the decision-making period exceeded the legal time limit of 30 days. This conclusion was supported by interviews with contracting authorities and economic operators,³⁸⁶ who noted that appeal procedures continue to suffer from lengthy decision making.

³⁸⁶ SIGMA interviews, April 2025.

External audit

Principle 31: All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.

The legal framework for external audit provides a solid foundation for the independence and broad mandate of the SAI. The constitutional and legislative provisions effectively safeguard the autonomy of the Audit Chamber, and recent reforms have enhanced strategic planning and communication. Nevertheless, practical implementation issues, such as the lack of external quality assurance, limited parliamentary engagement and underdeveloped follow-up mechanisms undermine the full effectiveness of the external audit function.

Indicator 31. Adequacy of the legal framework for external audit and its effectiveness in practice	2025 indicator value	61/100
Sub-indicators	Points	
1. Constitutional, legal, organisational and managerial independence of the SAI	16.7/20	
2. Adequacy and coverage of the SAI mandate and its alignment with IFPP	10/10	
3. Governance and management of the SAI	8/10	
4. Compliance of audit methodology with ISSAIs / Audits are conducted in accordance with the ISSAIs	6/10	
5. Quality management of the SAI	6/10	
6. Reporting and the follow-up of audits	7/10	
7. Implementation of audit recommendations	0/15	
8. SAI external engagement and communication	3/5	
9. Use of SAI reports by the legislature	4.3/10	

The Constitution explicitly recognises the Audit Chamber as an "independent state body" responsible for external audits of public finances and property (Article 198). Its members, including the Chairperson, are elected by a supermajority³⁸⁷ of the National Assembly (Article 199), which is a good practice. Members are prohibited from engaging in political activity. Incompatibility provisions further protect independence by preventing conflicts of interest. The powers, procedures and guarantees of the Chamber are to be further established by law.³⁸⁸

The Law on the Audit Chamber provides the Audit Chamber with a broad operational mandate and autonomy.³⁸⁹ The Chamber's budget process involves submitting the budget to the MoF, with the MoF reviewing but not fully controlling the final proposal.³⁹⁰ The legal provisions around members' immunity and access to information are well articulated. However, delays and restrictions in accessing premises and

³⁸⁷ At least three-fifths of the votes.

³⁸⁸ Constitution of Armenia, Articles 198 and 199.

³⁸⁹ Law on the Audit Chamber, No. HO-58-N adopted 16 January 2018, amended 22 May 2024.

³⁹⁰ Law on the Audit Chamber, Articles 2 and 35.

documents have historically hindered audit effectiveness, although recent amendments aim to address these issues.³⁹¹

The mandate of the Audit Chamber encompasses financial, compliance and performance audits, as outlined by law.³⁹² It is empowered to audit all public sector entities, including state and local government bodies, as well as entities with significant state involvement, aligning with international standards. The law mandates annual audits of the state budget and grants the Chamber discretion to select audit subjects within the legal framework, providing broad coverage of public financial operations.³⁹³

Recent developments include the selection of audits around policy areas, such as environment, digitalisation and infrastructure, indicating an expanding scope aligned with contemporary policy priorities.³⁹⁴ All financial operations, including those outside the formal budget, are within the Chamber's purview, promoting comprehensive oversight.

The Chamber's strategic planning process is well established with the 2020-2023 strategic plan being extended for a further two years into 2024-2025, with a focus on legal reforms, capacity building and modernisation. The strategic plan was extended as a significant number of the objectives and actions were predicated on the implementation of a revised legal framework, which did not take place until 2024. A needs assessment conducted before the development of the original plan identified deficiencies in legal independence, recruitment procedures and follow-up mechanisms, prompting amendments to address these gaps. The strategic plan emphasises transparency, stakeholder engagement and improved audit impact, supported by an action plan aligned with international good practices.³⁹⁵

Recent reforms aim to enhance governance by establishing clearer management roles and developing a human resources strategy aligned with new legislation. These initiatives are designed to improve efficiency and accountability, although implementation is ongoing. The Chamber's management framework is thus evolving to better support its independence and operational effectiveness.

The Chamber's audit methodologies adhere to the International Standards of Supreme Audit Institutions (ISSAIs), ensuring compliance with international good practices in financial, compliance and performance audits. Internal assessments of audit quality are conducted periodically, but external assessments have not been performed for over five years. Although regulations mandate external evaluations at least once every five years, resource constraints have prevented these assessments from taking place. Based on the information provided by the Audit Chamber, there is no conclusive evidence to affirm that the engagement quality reviews of financial, compliance or performance audit engagements explicitly demonstrate adherence to the ISSAIs. While efforts are underway to align audits with national guidelines and improve methodological practices, the absence of formal inspections, documented assessments or checklists indicates that these engagements have not been systematically evaluated for compliance with the ISSAIs.

The Chamber has begun to establish a Quality Management System aligned with the revised ISSAI 140,³⁹⁶ encompassing audit planning, execution and review processes. Policies for engagement quality reviews exist, but in practice these reviews have not been conducted systematically. Reports indicate that no formal inspections of completed audits have been performed recently, which limits oversight of audit quality.

³⁹¹ Audit Chamber Annual Reports, 2021-2023; recent amendments to the Law on the Audit Chamber, 2024.

³⁹² Law on the Audit Chamber, Articles 2, 3 and 8.

³⁹³ Law on the Audit Chamber, Articles 2, 4 and 8.

³⁹⁴ Recent audit topics and policy areas of the Audit Chamber, 2022–2024.

³⁹⁵ Strategic Development Plan, 2024-2025; Audit Chamber Action Plan, 2024.

³⁹⁶ ISSAI 140 – Audit Quality Management.

The Chamber's codes of ethics for auditors and members are publicly available and aligned with ISSAI 130 principles.³⁹⁷ Regular written confirmations of independence are obtained from personnel, reinforcing ethical standards.

The legal framework mandates regular reporting to the National Assembly, including annual, quarterly and special reports (Articles 24, 25 and 30). The Chamber's reports are publicly available, and the law grants it discretion over report content and publication modalities, ensuring transparency. However, in practice, most reports are not actively discussed or scrutinised by the Parliament. For example, only one out of numerous reports was formally considered within three months of publication in 2024, indicating limited legislative engagement.

The Chamber's reports are generally comprehensive, containing audit findings, recommendations and responses from audited entities. Nonetheless, the follow-up of audit recommendations remains weak, with no systematic process yet operationalised. Recent legal amendments provide for future follow-up activities, but these are still under development, and the Chamber has not yet implemented a formal follow-up system (see the analysis of Principle 16).

The Chamber has adopted a Communication Strategy (2023-2025) aimed at enhancing transparency and stakeholder engagement. It actively disseminates reports via its website, media and public events, contributing to increased visibility. However, stakeholder feedback mechanisms are limited and largely ad hoc. The Chamber is developing a stakeholder feedback system, including a new website feature, but this remains in the planning stage.

Parliamentary engagement is formalised through established procedures, with reports submitted to committees. Nonetheless, actual legislative scrutiny is limited, with most reports not discussed in detail or used for decision making. For instance, only one report was discussed within three months of publication in 2024, and hearings with audited entities are infrequent, with only two held in the last year. There is also no formalised follow-up mechanism to monitor how audit recommendations are implemented.

³⁹⁷ ISSAI 130 – Code of Ethics.

Financing local governments

Principle 32: Regional and local governments have resources and adequate fiscal autonomy for exercising their competences, with financial oversight to foster responsible financial management.

The legal framework for tax sharing, fiscal equalisation and asset ownership is solid. Local governments face practical challenges due to limited financial resources, weak administrative capacity and underdeveloped oversight mechanisms. The equalisation system supports local budgets, covering over 31% of their revenues. It has had a moderate effect on reducing disparities, and allocation formulas need to be refined. Borrowing by municipalities is legally permitted but tightly restricted, and public debt remains minimal. Oversight is fragmented, with the Audit Chamber conducting very few audits. Moreover, the absence of an institutionalised consultation mechanism hinders co-ordinated financial planning. Although reforms are underway following the 2023 adoption of a decentralisation concept, significant efforts are still required to ensure meaningful financial independence and improved governance at the local level.

Indicator 32.1. Fiscal autonomy of local governments	2024 indicator value	48/100
Sub-indicators		Points
1. Legislative guarantees for fiscal autonomy and diverse sources of revenues of local governments		18/19
2. Rules for fiscal equalisation to mitigate disparities among local governments		5.6/10
3. Mechanisms for financial oversight of local governments		5/12
4. Local governments' right to raise and manage own finances		8.7/23
5. Rules for conditional and unconditional grants to local governments		9.7/10
6. Financial balance and fiscal sustainability of local governments		1/26

The legal framework provides **clear guarantees for fiscal autonomy of local self-governments**.³⁹⁸ It establishes a diversified revenue base for municipalities and sets clear and objective criteria for allocating financial resources. The system for distributing shared national taxes and general-purpose transfers is stable and designed to ensure horizontal equity (among local communities) and vertical fiscal balance (between central and local levels of government).

Local governments are legally empowered to own and manage assets autonomously. **Municipal budgets** are approved by the elected community councils and **do not require approval from higher-level administrative bodies**. In cases of fiscal distress or outstanding financial obligations, the law provides for a structured approach: the head of the community, in co-operation with the competent state authority, is required to develop and implement a programme for gradual repayment and fiscal consolidation.

Local governments are legally **permitted to borrow**, but only **from public sources and with state approval**. While borrowing procedures and limits are clearly defined, **the restriction to public funding has made borrowing uncommon**, and overall municipal debt low. In 2024, interest payments totalled around AMD 256 million (EUR 570 688),³⁹⁹ a small fraction of total local government spending, which

³⁹⁸ Law on Local Government Financing, Article 3 (3) 1 and Articles 37, 39, 41, 42 and 42a.

³⁹⁹ Domestic loans amounted to AMD 180 million (approximately EUR 401 300), while interest payments on foreign loans totalled AMD 75.53 million (approximately EUR 168 375). Conversions made on 24 August 2025 via WISE convertor: <https://wise.com/gb/currency-converter/>.

reached AMD 277.9 billion (EUR 619 million). Loan receipts amounted to AMD 510 million (EUR 1.37 million), underscoring the **limited role borrowing plays in municipal finance**.

The amalgamation reforms created larger-scale local governments and thus strengthened the capacities for financial management. Some concerns persist regarding the efficiency of financial management at the local level, particularly among small municipalities with limited administrative and technical capacity.

The law designates the Audit Chamber as the primary authority for external financial oversight. Audits of local budgets may be conducted either by the Audit Chamber (externally) or independent auditors (internally, on behalf of communities), although in practice the Audit **Chamber audits only one community per year, and municipalities typically do not rely on professional audit services**.

In 2025, the legally mandated 4% state budget transfer to local governments amounts to AMD 90.2 billion (EUR 200.6 million). The country maintains a **stable legal framework for distributing shared national taxes and general-purpose transfers**, with **unconditional grants comprising 78.17%** of all municipal transfers in 2024.

In addition to general-purpose grants, Armenian municipalities can access **special-purpose grants for co-financed local projects**. For 2025, a total of AMD 30 billion (EUR 66.9 million) has been allocated for this purpose from the state budget. These funds are **distributed by a governing board** chaired by the Deputy Prime Minister, which includes the Ministers of Territorial Administration and Infrastructure and the Ministry of Finance.

The Government has also introduced a **participatory budgeting initiative** aimed at enhancing citizen engagement in local decision-making. In 2024, AMD 500 million (EUR 1.15 million) was allocated for participatory budgeting subventions, rising to AMD 1 billion (EUR 2.3 million) in 2025. These funds support co-financed projects initiated at the local level. To date, approximately 30% of all municipalities (21 out of 71) have been included for assistance under this scheme.

The extensive territorial consolidation of municipalities significantly increased their size and capacities. However, significant differences in population size, administrative capacity and financial resources persist at the local level. These disparities underscore the essential role of the fiscal equalisation system in ensuring fair access to resources and supporting balanced territorial development.

To address these challenges, Armenia adopted a new Law on Financial Equalisation in 2016, which entered into full effect in 2023⁴⁰⁰ following the amalgamation of communities.

In 2024, local government revenues totalled AMD 273 billion (approximately EUR 608.6 million), of which AMD 85.3 billion (approximately EUR 190.2 million) – or 31.25% – came from equalisation transfers provided by the state budget. These subsidies are granted on a non-repayable, non-earmarked basis and can be spent by local governments according to their needs, strengthening the financial independence of local authorities and enabling them to address their own priorities.

Armenia's equalisation system is **formula-based** and operates through two main components. **Component A** targets **small municipalities** (with populations under 3 500) by providing a uniform, per community- grant, irrespective of population size. The annual amount is defined in the Law on the State Budget. **Component B** applies to **all municipalities** and is calculated using the **budget security coefficient**, a metric that takes into account expenditure needs⁴⁰¹ and reflects how far a municipality's

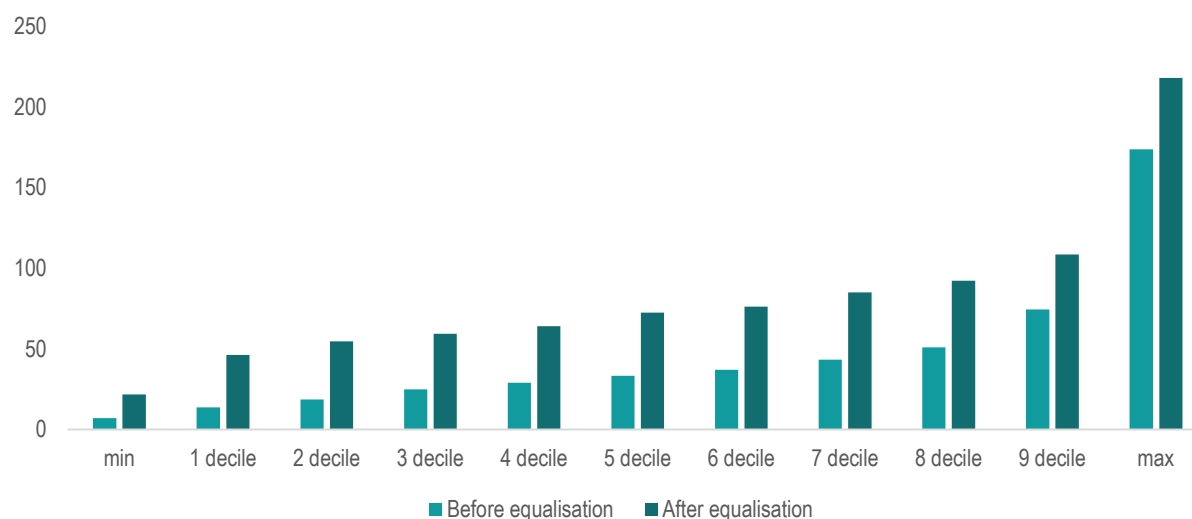
⁴⁰⁰ Financial Equalisation Law, Articles 3-7.

⁴⁰¹ According to Article 2 of the Fiscal Equalisation Law, an expenditure needs calculation is based on cost factors such as: population size, accessibility to transportation, altitude, number of settlements, age structure of the population, etc.

own revenues fall below a defined fiscal threshold. This component aims to secure a **minimum level of fiscal capacity** for all local governments and reduce inequalities in service delivery across communities.

This equalisation approach ensures that municipalities have the **flexibility** to manage their resources independently while receiving **predictable financial support** from the central government.

Figure 63. Per capita revenue of Armenian local governments before and after equalisation



Note: Per capita revenue in USD.

Source: SIGMA calculations based on financial reports provided by Armenian authorities.

The Gini Coefficient for per capita local revenues in Armenia decreases from 0.338 to 0.217 after equalisation, indicating a **noticeable reduction in inequality**. Similarly, the ratio between the ninth and second revenue deciles drops from 3.99 to 1.99. While these figures show that the equalisation system has a tangible impact, its effectiveness remains limited, particularly given that **equalisation transfers account in average for nearly one-third of total local government revenue**.⁴⁰² This suggests that the current allocation formulas require revision to more effectively reduce disparities among communities.

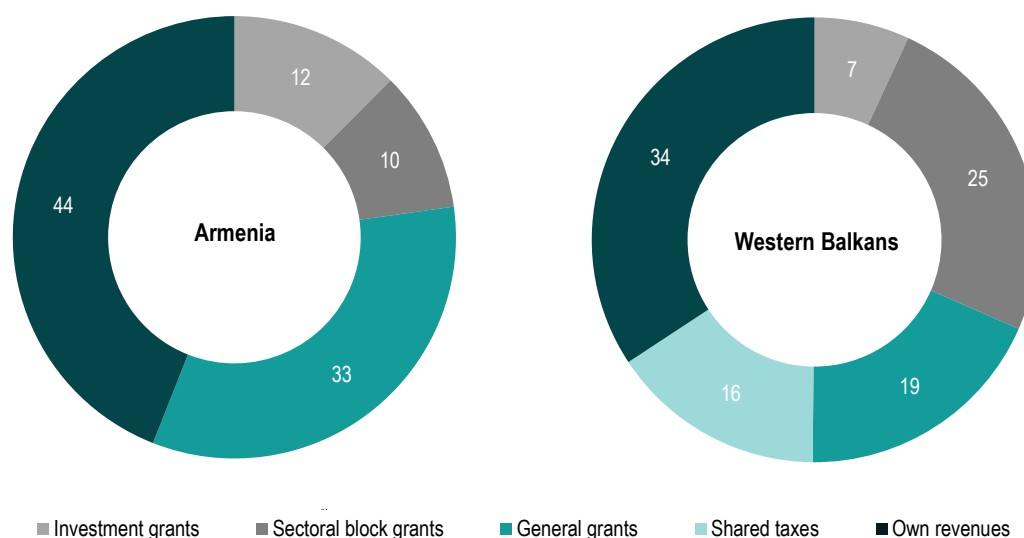
Total own-source revenues, including taxes, fees, tariffs, and property income, **represented 43.46% of all local government revenue in 2024**, a slight decline from 45.7% in 2020. The percentage of own revenue compared to total revenue declined slightly, because the transfers increased faster. Compared to 2020, own-source revenues as a share of total national government revenue remained unchanged at 4.4%.⁴⁰³

⁴⁰² It should be noted that Yerevan has exceptionally high own-source revenues. Consequently, the share of equalisation transfers in total revenue is significantly lower than one-third – amounting to less than 8% in the capital city.

⁴⁰³ OECD data for 2020, retrieved from World Observatory on Subnational Government Finance and Investment, https://www.sng-wofi.org/country_profiles/armenia.html.

In 2024, local tax revenue amounted to 0.73% of GDP, up from 0.5% in 2020.⁴⁰⁴ The bulk of municipal tax income came from **property taxes**⁴⁰⁵, which **accounted for 67% of total local tax revenues**. Notably, vehicle property tax alone contributed 36.33% of all local tax revenue. Local governments have the authority to adjust tax rates, but only within the limits set by central legislation.

Figure 64. Composition of local government revenue in Armenia and Western Balkan average, 2024



Sources: SIGMA calculation based on data provided by Armenian authorities (for 2024); data published (for 2023) in NALAS (Network of Associations of Local Authorities of South-East Europe) (2024), *Fiscal Decentralisation Indicators for South-East Europe*, 9th Edition, Skopje, <http://www.nalas.eu/ninth-edition-of-nalas-fiscal-decentralization-indicators-for-edition-south-east-europe/>.

While the legal framework recognises the principle of **commensurate funding for delegated functions**, this is **not consistently applied in practice**.⁴⁰⁶ Moreover, there is no institutionalised mechanism for financial consultation with the Communities Association of Armenia. Although the Association is occasionally invited to provide input on draft laws and strategies, it lacks a meaningful role in final decision-making processes.

Local government expenditure accounted for **7.2% of total general government spending** (2.2% of GDP) in 2020, rising to 8.23% (2.46% of GDP) in **2024**. This increase has followed the economic recovery after the 2020 pandemic-related contraction of -7.4% of GDP,⁴⁰⁷ but it is mainly due to the increase in state transfers and own revenue mentioned before.

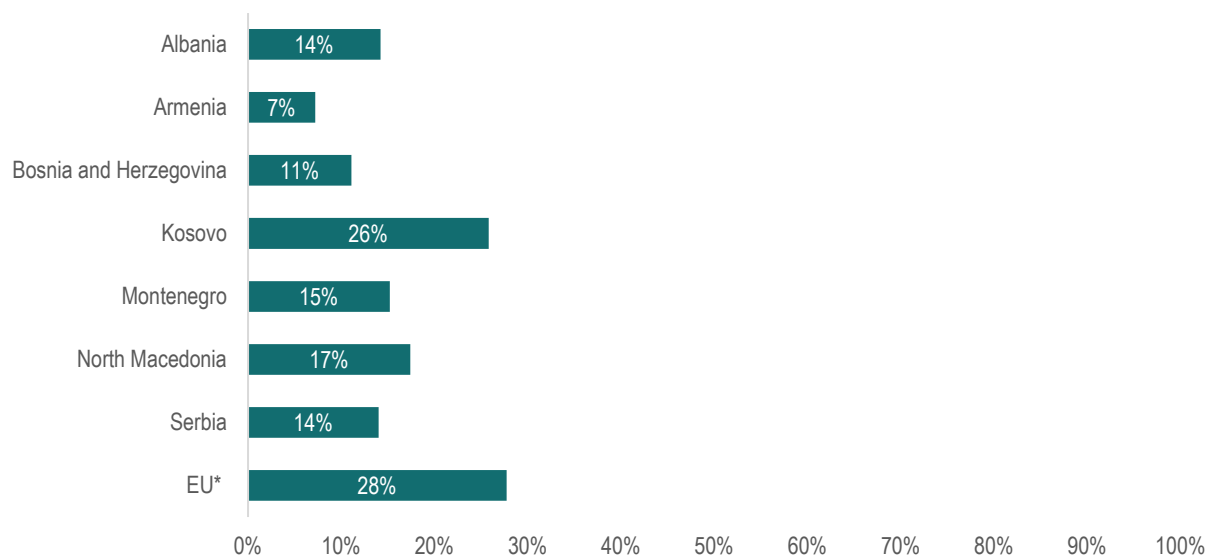
⁴⁰⁴ OECD data for 2020, retrieved from World Observatory on Subnational Government Finance and Investment, https://www.sng-wofi.org/country_profiles/armenia.html.

⁴⁰⁵ Real estate and vehicle taxes.

⁴⁰⁶ SIGMA interviews with the Association of Local Governments and representatives of MTAI, also highlighted in World Observatory on Subnational Government Finance and Investment Armenia country profile, https://www.sng-wofi.org/country_profiles/armenia.html; Monitoring of the application of the European Charter of Local Self-Government in Armenia, <https://rm.coe.int/0900001680a288a5>.

⁴⁰⁷ OECD data for 2020, retrieved from World Observatory on Subnational Government Finance and Investment, https://www.sng-wofi.org/country_profiles/armenia.html.

Figure 65. Share of local government expenditures in total public expenditures



Note: *EU is the simple average of the 22 EU Member States included in the Network of Associations of Local Authorities of South-East Europe (NALAS) fiscal decentralisation database.

Sources: SIGMA calculation based on data provided by Armenian authorities (for 2024); data published by NALAS (for 2023) in NALAS (2025), Fiscal Decentralization in South-East Europe (10th edition): A Decade of Reforms, Crises, and Multilevel Governance, Skopje, https://www.nalas.eu/2025_fd_report/.

However, Armenia's share of local government spending remains significantly lower than that of EU countries, including Romania, Bulgaria and the Western Balkans. This relatively low figure reflects not only the limited responsibilities assigned to local governments in Armenia, but also the insufficient capacity and resources available to many municipalities to carry out their functions effectively.⁴⁰⁸

In 2023, the Prime Minister signed a resolution approving the Concept for the Decentralisation of Powers in the Republic of Armenia. The concept outlines the Government's commitment to adopting a comprehensive decentralisation strategy and a corresponding action plan by 2026. Especially concerning finance, the reform agenda in this concept includes the "specific goal" of financial decentralisation by "increasing the degree of financial independence of the community and increasing the community's budget revenues, ensuring the necessary financial resources for the implementation of its powers." In addition, it is planned to compare the mechanisms and principles of planning financial decentralisation and financial equalisation subsidies provided to communities free of charge from the state budget, as well as to assess their effectiveness".⁴⁰⁹

⁴⁰⁸ Interviews with the Association of Local Governments, representatives of MTAI, also highlighted in https://www.sng-wofi.org/country_profiles/armenia.html, <https://rm.coe.int/0900001680a288a5>.

⁴⁰⁹ Prime Minister of the Republic of Armenia Decision No. 1111-A of 7 November 2023 on approval of the Concept of decentralisation of powers in the Republic of Armenia, retrieved (in Armenian) from: <https://www.e-gov.am/decrees/calendar/2023/11/page/10/>.

Public administration in Armenia 2025

This report provides analysis on how Armenia performs based on the standards set by the Principles. It covers the six thematic areas of the Principles (strategy, policy development and co-ordination, public service and human resource management, organisation, accountability and oversight, service delivery and digitalisation, and public financial management) and provides indicator values and comparison of overall trends across the public administration.