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**Proposed Municipal Management/Finance Reform  
Technical Assistance: Preliminary Legal  
and Institutional Assessment**

**Republic of Armenia**

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## Introduction

The structure of local government law currently in effect in Armenia was introduced into law in 1979.<sup>1</sup> These laws<sup>2</sup> were formally adopted by the Armenian parliament, but in keeping with the political reality of the time, it was substantially handed down from Moscow, and was approved with little, if any, revision or amendment.

This law establishes a number of levels of government below the national level.<sup>3</sup> Armenia is divided into thirty-seven regions<sup>4</sup> ("Shrjan"), each with a regional council of deputies ("badgamavornereer khoroord") elected by the people, an executive committee ("gordsadeer committee") selected by the council of deputies, a chairperson of the council and executive committee (a "regional level mayor"), and the authority to issue decisions. These regional governments might be analogous to states or counties in American law, although the differences are substantial.

The next level of government consists of cities ("gaghak"), urbanized settlements ("avan"), and villages ("giugh"). This level of government will be referred to as local government. So-called "cities of republican importance" such as Yerevan, Gyumri, Vanadzor and Spitak are the largest settlements, and each has its own council of deputies elected by the people, a mayor elected by the council of deputies, and an executive committee (or city council), with the authority to issue decisions.<sup>5</sup> These 22 cities report to and are directly accountable to the national level of government.

The rest of the local governments are considered "cities of regional importance" and report

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<sup>1</sup>In the United States, duly enacted state laws and city ordinances are referred to as "laws" or "the law." Armenian law dictates, however, that only legislation that is passed by the national parliament is called a law ("orenk"). Thus, while the national, regional and local bodies issue decisions ("voroshoom") which apply in their respective jurisdictions, these decisions are not referred to as laws in Armenia, although apparently they have the effect of law. If a decision contradicts a national law (or the law of a superior jurisdiction), it is void. The president may issue decrees ("hramanager") and orders, which also have the effect of law. Thus, legislation of the national, regional and local bodies of Armenian government consists of parliamentary laws, presidential decrees, and decisions of the parliament, regions, and local bodies.

<sup>2</sup>Three laws were introduced: 1) the law on Regional Councils; 2) the law on City (District) Councils; and 3) the law on Village and Urban Settlements. These laws have been amended by subsequent legislation.

<sup>3</sup>Armenia's state authority (national government, in the United States) consists of 1) the Executive branch, headed by the president, who is assisted by his apparatus (his advisors and departments), his cabinet of ministers (called "the government" in Armenia) which includes the state ministers and the line ministers, and heads of the state committees and departments, and the presidium (some of the state ministers and line ministers), and the cabinet's apparatus (departments); 2) the Legislative branch, called Parliament (or "Supreme Council", in Armenian) and 3) the Judiciary.

<sup>4</sup>See attached list of 37 Republic Regions.

<sup>5</sup>See attached list of 22 "cities of republican importance."

directly to the regional governments. Urbanized or city-type settlements such as Medzamor and Akhtala are smaller than a city, but larger than a village. Urbanized settlements have a mayor, council of deputies and executive committee. Villages such as Sevkar, Goghb, Zovashen and Noradooz are the smallest subdivision. Villages have village councils, but no executive committees.

Currently, all taxes are levied and collected on the national level. While certain laws, such as the law on taxes and duties, have been passed in preparation for tax collection on the regional or local level, these laws have not yet been fully implemented, so the regional and local governments still look to the republic for almost all of their revenues.<sup>6</sup>

Armenia's constitutional commission is currently in the process of drafting a new constitution. The new constitution and the laws which will subsequently be enacted to implement the constitution are expected to drastically change the structure of local government. Numerous drafts of a new constitution have been proposed during this long process, and currently negotiations are underway to combine the drafts suggested by the president and the political opposition into a single draft. The presidential and opposition drafts will be discussed in the body of this report.

### Sources of Information

Interviews were held with 1) Mr. Garen Maroutian, head of the Department of Regional Regulation, an executive branch office of the "Government Apparatus,"<sup>7</sup> 2) Mr. Garen Melkonian, a lawyer with the Ministry of Finance, a State Ministry, 3) Messrs. Artashes Arakelian and Kadjik Nurijanian, two deputies (elected members) of the Yerevan Council of Deputies who work at Yerevan's City Management Systems Scientific Research Center,<sup>8</sup> a city-run institute described by the interpreter as "Armenia's ICMA," 4) Mrs. Gulnara Shahinian, a Yerevan City Councillor and head of Yerevan's Foreign Relations Department, and 5) Mr. Arshak Sadoyan, a member of Parliament, head of Parliament's Permanent Commission on Local Self Government, and a leading member of one of Armenia's opposition political parties. Unfortunately, no meeting was held with an individual from one of the regional governments because Yerevan is not a part of one of the 37 regions and no individuals were readily available. The interpreter for these meetings, who also spent a great deal of time translating

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<sup>6</sup>Certain rental fees (e.g. for non-residential spaces) are collected by the cities, but they are effectively turned over to the republic to decide how to spend them. At the time of preparation of this report, the city of Yerevan is in the process of introducing a hotel tax of \$1, to be used for repairing the streets and for other projects which will improve the city for tourists. This local tax is apparently the first local tax to be introduced and collected locally in Armenia.

<sup>7</sup>This department includes 16 members and is responsible for 1) territorial policy and 2) coordination of the activities of executive bodies of local authorities. Territorial responsibilities include: problems of territories on Armenia's borders, administration of territorial divisions, refugees, local budgets, mechanisms of local self government and development of draft laws, and preparing long term programs on all of these issues. Local responsibilities include: assistance to local councils and supervision of local councils on implementation of laws, decrees and decisions of the state. This department serves as the eyes and ears of the national government and prepares reports on these issues. The prime minister and the state ministers make the decisions. Two experts also report to Mr. Maroutian on these issues.

<sup>8</sup>Mr. Arakelian is the director of this Research Center.

and explaining the laws, decisions and drafts, was Mr. Garen Chilingarian, chief of the Department of Codification and Court Practice at the Supreme Court of Armenia, who works regularly for ICMA translating laws into English and Russian.

The following laws were reviewed orally with the legal consultant/interpreter: the 1978 constitution, Chapters 14, 15, Articles 125-137; three 1979 laws, as amended: 1) the law on Regional Councils, 2) the law on City (District) Councils, and 3) the law on Village and Urban Settlements; the 1990 election law; the most current draft of Armenia's revised local government law; and sections of the draft presidential and opposition constitutions which relate to local government. Other materials which may be useful for understanding local government law in Armenia have been promised by the individuals interviewed, including a French paper on municipal government in Armenia, an organizational chart on local government, a copy of Yerevan's city budget, and a set of local government bylaws. All of these materials will be translated, except that of the three 1979 laws, only the law on City Councils will be translated, because the other two laws that apply to Regional Councils and Villages are substantially the same.

## Local Government in Armenia

### Background Information

The 1979 law which deals extensively with the structure of local government is the law which every government official referenced when discussing the laws which apply to their branch of government. However, in discussing the background of local government in Armenia, Mr. Maroutian stated that the laws were written to allow the Communist Party to operate in whatever way it wanted to operate. The law stated, "All power belongs to the councils," but in reality, the Communist Party had the power, and the secretary of the local committee decided everything. Thus, the 1979 law is long, but does not successfully specify the function of the structures it creates and does not explicitly indicate who is in charge of what. As a result, the government officials do not take the laws seriously when it comes to understanding the proper operation of government, because they were not written with the rule of law in mind. Other laws which are most relevant to the subject of regional and local government are the 1990 election law and the old 1978 constitution, but the 1979 law was referenced most frequently in the interviews with government officials.

### Regional Governments - Shrjan<sup>9</sup>

The government officials indicated that there are currently too many divisions of territory reporting to the central government, starting with the regional governments. Armenia is a relatively small country, and 37 administrative regions were not necessary, but regions were created in many cases simply so that more positions of power would be available to give out to loyal party members and relatives.<sup>10</sup>

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<sup>9</sup>Information on the 37 regional governments was collected primarily from the language of the 1979 law, with some comments from discussions with the individuals interviewed.

<sup>10</sup>Likewise, Armenia had 22 "cities of republican importance" because if a city was deemed to be of republican importance, it could get more funding from Moscow.

The districts are not created uniformly based on population, and wide population disparities exist in some cases. These districts have also given rise to disputes between regional and local governments over which jurisdiction controls a particular enterprise. These property and ownership divisions will become even more important when regional and local taxation authority is introduced. Currently, no regional taxes are in effect, although some rental fees are being imposed locally.

The regional council of deputies is elected by the people in each region, with citizens voting for the deputy of their district within the region. The deputies are the only officials elected directly by the citizens on the regional level. A district commission selected by the council of deputies verifies the validity of the elections after they are completed.<sup>11</sup> The council of deputies is only active when it is in session. The law provides that the council must meet at least once every three months, or 4 times per year. The quorum for a session of the council is 2/3 of the total number of deputies.<sup>12</sup>

The real power at the regional level belongs to the executive committee,<sup>13</sup> which carries out the mandates of the council when the council is not in session. The executive committee is a permanently acting body elected by the council of deputies, and includes the chairperson of the council and chairpersons of permanent commissions. The chairperson of the council is the head of the executive committee. The members of the executive committee are elected by secret ballot by a simple majority of the deputies participating in the voting (but no less than 1/3 of the total number), and are removed in the same manner. The council of deputies decides how large the executive committee will be and how many commissions there will be, so the size of each region's executive committee will vary. Also, depending on the size of the executive committee selected by the council, not all commission heads will necessarily serve on the executive committee.

The executive committee is responsible for notifying the population and the deputies of the place and time of the first meeting and the agenda for the session no later than 7 days before the meeting, and convenes the initial meeting of the council of deputies. The executive committee, permanent commissions and deputies may propose agenda items, but the executive committee decides whether to include these items in the agenda, so members of the executive committee have the power to influence what issues are heard. District bodies of public organizations and village councils may also suggest agenda items.

In addition to convening the sessions of the council, the executive committee provides preparations for the council, and organizes a preliminary discussion of the most important draft decisions of the council. The executive committee by law is also obligated to and responsible for arranging for discussions with the population and with labor collectives (at schools, meeting halls, etc.), but in practice, this is not ever done. The public is not entitled to go to the meetings of the council, but practically speaking, individual citizens are not interested in the workings of local government. They do not know what issues are going to be discussed and they do not have time to go to listen. Moreover, if a citizen attempted to attend one of these meetings, the person would be considered to be causing trouble, so it

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<sup>11</sup>There have been some instances of irregularities, i.e. where the ballots have been stuffed by the electoral commission that runs the election.

<sup>12</sup>Apparently, the councils frequently fail to muster a quorum and are therefore unable to make decisions.

<sup>13</sup>The executive committee is similar to the concept of a board of directors.

is not in a citizen's best interest to attend. Effectively, once the people elect their leaders, they have no further interaction with local government and there is no further accountability. The government officials suggest that individuals who are responsible for large plants usually sit on local councils, and thus their input and the input of their workers is gained in this way.

The full council of deputies has exclusive jurisdiction over certain issues, including: recognition of the authority of deputies, reports of deputies regarding implementation of the obligations and decisions of the council and its bodies, election and approval of the council's executive committee and its departments and sections, as well as changes of members, formation of the council's permanent commissions, creation of departments and sections of the executive committee, consideration of reports, approval of the district budget and approval of the report on its implementation, approval of executive committee decisions relating to additional revenues gained in addition to the budget, and use of additional revenues left over if some of the budget is underspent. However, some of these issues are decided by the executive committee, and then approved by the council. Decisions require a simple majority of votes of the attending deputies, but no less than 1/3 of the total number of deputies. If a decision does not comply with the constitution and laws of Armenia, the national parliament has the right to nullify it.<sup>14</sup>

A 2/3 majority of the council of deputies or of the presidium of the national parliament can declare distrust of the chairperson of the council, or the executive committee of the council may declare distrust upon its own initiative or on the initiative of the government (the president's cabinet). The executive committee of the regional council directly reports both to the regional council and to the presidium of the national parliament. The national parliament sends a representative, who must be a member of parliament, to preside at the council's first session unless the chairperson of the council has already been chosen. After the secret ballot election of the chairperson by a simple majority of all deputies of the council, s/he presides over the council and the executive committee.

### Local Governments

The processes of local government operate in much the same way as the regional government, with a council of deputies elected by the people, who in turn elect an executive committee to make and implement most of the important decisions. Current legislation requires that 200 deputies ("badgamavor") be elected from 200 districts in Yerevan, but this number will vary from city to city. These deputies are not required to live in the district or even in the city from which they are elected, so the only election requirement is citizenship in the Republic of Armenia. The deputies are not paid any salary because being a deputy is not their main job. Each of the deputies holds a job apart from the council activities and receives a salary for that job only.

Apparently, there is a loose formula based on population which determines the number of deputies which is located in the law on elections. Currently, Yerevan has 179 deputies and 21 vacancies. These vacancies can occur if a deputy is appointed to head a city committee or department, in which case the individual must resign as a deputy. As soon as 2/3 of the deputies are elected, the government may begin its business. The council of deputies elects its chairperson, who also serves as the chairperson of the

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<sup>14</sup>This power to determine constitutionality will be transferred to the constitutional court when a constitution is adopted.

executive committee.<sup>15</sup> This chairperson is the mayor of the city or urban settlement. There is also no residency requirement for the mayor.

The council of deputies approves the structure of the executive committee and its commissions, and elects individuals to fill executive committee positions. All the senior officials, such as chiefs of departments and sections, are nominated by the executive committee and approved for their positions by the session of the council. Other officials are appointed by a decision of the executive committee. No official is appointed solely by the mayor. The council of deputies approves the number of members that are to serve on the executive committee. In Yerevan, 15 members serve on the executive committee, which is called the City Council.<sup>16</sup> These members of the Executive Committee are also chiefs of departments or sections of the committee. As chiefs, they are paid a salary of six times the minimum monthly salary (MMS) established in the Republic. Currently, the MMS equals 230 drams, so they are paid 1380 drams per month. Apparently, Yerevan's executive committee is large compared to the executive committees of other cities. Any citizen of the Republic of Armenia can serve as a member of a local executive committee.

By law, the council of deputies should be the most important local government body, but in actuality, the executive council does most of the work and is the most active body. The executive committee as a whole is supposed to make the decisions, with the mayor serving as the chairman of this body, but a mayor can have a great deal of influence over the executive committee, and in Yerevan, the mayor wields a great deal of influence. The mayor of Yerevan is an ex officio member of the cabinet of ministers of the national government.

The executive committee and the local council of deputies are entitled to issue decisions on matters within their respective jurisdictions. The 1978 constitution and the laws provide the basis for decisions to be promulgated. The process for issuing decisions is described in the internal regulations of each jurisdiction. The purpose of these decisions is to regulate the relationships within the jurisdiction of the body issuing the decision. These decisions are similar to city and regional ordinances.

Whichever department is responsible for a particular issue may prepare a draft decision describing the disposition of the matter. This draft may then be discussed among the relevant governmental bodies, the decisionmakers may ask for comments or recommendations, and the draft may be amended. The legal department must review and approve the draft,<sup>17</sup> after which a final version will be submitted to

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<sup>15</sup>In the Russian model, the chairperson of the council of deputies and the chairperson of the executive committee were two different people, but Armenia chose to have these positions filled by the same person.

<sup>16</sup>Yerevan's city government, as the largest in the Republic, contains most departments that would exist in any other city. Some cities, however, do have departments that do not exist in Yerevan. For example, the executive committee of Vartenis has a position of deputy chairperson of refugees and disaster zone, which Yerevan does not have. Initially, 19 members served on the Yerevan Council, but the number was then trimmed to 15.

<sup>17</sup>Yerevan's executive committee has a legal affairs department, which handles all legal questions and reviews all draft decisions to insure that these decisions agree with the national laws. The city has a city attorney who attends the meetings of the executive committee, and the legal department has a veto over

the executive committee or the council of delegates and the appropriate person will represent the provision to the body for discussion. If the body approves the decision, it is adopted.

Yerevan's size dictates that its city government must deal with delivery of utility services, which is usually reserved for the national government in other cities. The major issues handled by the Yerevan city government include: water supply, heating, repair and servicing of buildings, garbage collection, public transportation, roads in the city, culture, education (kindergarten through secondary school, typically 10 years), and health care (almost all of the hospitals in Yerevan are city hospitals). Many other issues are handled jointly by the Yerevan government and the national government.

The chiefs of the departments within the executive committee are accountable only to the city government, and according to the law, the national government cannot fire department heads, although it can submit its distrust of the heads (chairpersons) of a city's executive committee, and through an indirect process with the presidium of the parliament, can fire the mayor.<sup>18</sup> The law states that the department heads work for the city, but there is no legal structure supporting the working relationships that are currently in place. In the last five years, this relationship between the city and its departments has developed without legal guidance.

The national government in actuality does have some impact on local departments. Some city departments need agreement from the national government to carry out certain decisions. For example, the chief of the city's finance department must be agreed upon or consented to by the Ministry of Finance. While the city could approve the chief despite the Ministry's objection, the problems that would stem from this defiance dictate that a city would not dare to force the issue. In cities smaller than Yerevan, the national government can exert more political influence, and these cities are therefore more centralized.

With regard to land within the city, the law dictates that land is allocated by the city government. Usually, the national government resolves its need for city land with the city government (e.g. the need for land for a foreign embassy). However, if the government makes a decision on property not contrary to law, that decision is binding.

#### Districts within Yerevan and Gyumri

Yerevan (8 districts) and Gyumri (2 districts) are the only cities within Armenia that are divided into districts. These districts were created by the 1978 Constitution in very general terms. These districts function much the same as city governments, with a local council of deputies and an executive committee. The chairperson of the district council of deputies is also the chairperson of the district executive committee, and this chairperson is similar to a city mayor. There are usually 75 to 125

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city decisions.

<sup>18</sup>If a mayor is fired by the national government, the presidium of the national parliament appoints a new election, and can appoint a plenipotentiary if a new mayor is not elected within one week.

deputies on the district council of deputies.<sup>19</sup> Each district has its own building headquarters located in the respective districts, and each district has its own budget, which is included in the city budget.

Some of the responsibilities of the districts are: improvement of roads, repair of buildings, some education issues, and any issue that does not concern the city government. Trash pickup used to be a function of districts in Yerevan, but is now a city function. Yerevan's city officials suggest that these districts are somewhat superfluous and duplicative, and the city has created a project to study the activities of these districts.

### The Tax Process

Article 12 of the Law on Taxes and Duties, enacted on April 19, 1992, prescribes the taxes which will be imposed within the Republic of Armenia. This law states that local taxes can be applied by proposals of the local councils only in the case of a positive result from a referendum conducted within the local administrative unit. The process for this referendum, however, is not laid out in the law on taxes and duties. Currently, no regional or local taxes are in effect. Part of these taxes are collected directly, and part are collected indirectly.<sup>20</sup> Most of the taxes are currently collected by the state's local subdivision.

The following taxes and duties are provided for by this law: a profit tax collected from legal entities (taxpayers); an income tax collected from physical persons (individuals);<sup>21</sup> an excise tax collected from the sale of specific commodities or goods (alcohol, cigarettes, beverages, etc.) collected from registered entities who are authorized to sell these goods; a sales tax, which is included in the price of the good if the selling entity is properly registered; a social tax (1% of salaries) collected from salaries and "other incomes which have the same importance as salaries," which is collected to care for sick people, retired people, and the like; a land tax based on a complicated formula incorporating the cadastre value of land and the surface area (enacted very recently); a specialty tax or professional tax for persons engaged in a certain type of specialty (the law does not yet indicate which specialties will be taxed); a property tax (not yet enacted) collected for certain types of property yet to be determined; a natural preservation tax to be collected for using natural resources and for contamination of the environment as a result of one's activities; a road tax collected from the sale of petrol and diesel fuel, collected from owners of modes of transportation (included in the price if the seller is registered to sell); a state fee or duty for using the state's legal or other services; a customs duty for export and import of goods and commodities; an inheritance and donation tax collected based on the value of the property inherited or received as a donation; local taxes (general) which shall be established in a manner provided by Article 6, Paragraph 2 of this law, and other taxes and duties. This law does not indicate which of these taxes

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<sup>19</sup>In Yerevan, the Soviet district has 125 deputies, the Shahumian district has 100 deputies, and the Mashdots district has 75 deputies.

<sup>20</sup>The law states: "Taxes and duties defined by this Law are paid to the State budget of the Republic of Armenia, to local budgets, and in some cases defined by the Law, to out of budget funds." Article 3. This law does not specify which taxes are paid to which entity.

<sup>21</sup>An income tax law has not yet been enacted, but a decision of parliament describes the current method of collection. The minimum salary is not taxed, then approximately 12% of the amount exceeding the minimum salary is taxed, with the percentage increasing as the salary increases.

are available to local governments.

### The Budget Process

The budget process in Armenia is directed from the central government. The state collects the income tax, and distributes the monies according to the following process. A special section of the national budget is prepared for local self government, which must be approved by the national parliament. Every regional and local government submits its requested budget for the coming year to the national Ministry of Finance. This budget includes line items from the local governments, with justifications for the amounts requested. In Yerevan, and presumably in most other large cities, the city council may hire experts to put together the local budget. Cities of republican importance submit their budgets directly to the Ministry of Finance, while cities of regional importance submit their budgets to their respective regional governments, which in turn submit their budgets to the Ministry of Finance with line items for the regional cities. Yerevan's and Gyumri's districts submit their budgets to their city to be included in the city budget.

The Ministry of Finance receives all of these budgets, summarizes them and compares them to previous years' budgets and allocations, plans and projects budgets for the coming year, and submits its draft recommendations to the government. The government discusses this budget, which the Ministry can revise, and consults the Ministry of Economy's report to the Ministry of Finance on the state of the economy. The president then submits a draft budget to the national parliament. The parliament, after its deliberations, approves an amount which will be given to the regional or local government, and the regional or local government is free to use this amount according to its own priorities, without further guidance from the national government. Parliament can add line items to the regional and local budgets for special projects for which the state will pay. The final budget becomes a law when parliament adopts the budget as a law and the president signs the budget, thus making it effective.<sup>22</sup>

Yerevan does collect some local fees, mainly rental fees from non-residential spaces. This money is collected by the tax inspectorate and put into a city account. Yerevan prepares a report of all monies collected by the city (on an irregular basis), and these amounts are included in the budget that is sent to the Ministry of Finance. If the city collects more money than it budgeted to collect, the council of deputies must approve the expenditure of this additional money.

The official from the Ministry of Finance indicated that while the 1979 law does apply, this law is not very helpful and he does not need to refer to this or any other law to do his job, because these laws do not spell out the current budget process. He indicated that this year he expected the government to introduce a new law. He expects that the regional and local governments will soon have their own means to raise funds through regional and local taxes for issues that can be covered by local resources. The regional and local portions of the regional and local budgets will no longer be submitted to the national government. For the rest of the necessary funds, the regional and local governments will still apply to the Ministry of Finance, but these processes and the definition of local, regional and national issues will

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<sup>22</sup>While no direct regional or local input is applied at the national level, other than by representation of the deputies in parliament, some lobbying (on budgetary and other matters) does exist on the local, regional and national level, but such lobbying is not legal.

be spelled out in the Republic's laws and will also develop based on common practice. The regional and local governments may be required to submit some of the funds they collect to the national budget, which will then be applied to global problems.

### Election Laws

Armenia's election law was enacted on February 13, 1990, entitled "Elections of peoples deputies of local councils of Armenian SSR." The law provides for universal equal and direct suffrage by secret ballot.<sup>23</sup> Armenian citizens who have attained the age of 18 years can elect and be elected, and there can be no discrimination based on origin, social and property standing, race, nation, sex, education, language, religion, duration of residence at a certain place, or activities. Only persons recognized by a court as incompetent and persons bearing their sentences are ineligible to vote. All election expenses are covered by the appropriate electoral commission, which is funded by the government and by a uniform fund to which public bodies can contribute. Public organizations, enterprises, and institutions provide appropriate modes of transportation and buildings in which to hold the election.

Electoral commissions are formed from representatives of labor collectives, public organizations, educational institutions, the population, and by military servicemen to organize, notify the population, and implement elections. Candidates can be nominated by labor collectives, public organizations, educational institutions, the population within their area of residence, or military servicemen within their military bases. If an individual nominates a candidate, signatures must be collected. A list of electors should be prepared before the election which includes every person in the jurisdiction who has the right to elect and be elected. Candidates must be registered, and can be disqualified (their registration revoked) if the proper steps are not taken. A candidate is entitled to notify his or her employer of candidacy, and if requested, must be given time off from work to run. Candidates are entitled to use free local transportation during the campaign, and are immune from being called to criminal liability or being arrested without consent of the appropriate local council.

Elections for people's deputies shall be appointed by parliament within 3 months before the previous term expires. A 30% referendum of the population, a 2/3 decision of the local council, or administrative territorial changes can require that an extraordinary election be held. The parameters for the number of districts within the jurisdiction that will elect deputies is also determined by this law: 200 districts for Yerevan, hence 200 deputies; regional council, up to 100 districts; cities of republican importance, up to 150 districts; cities of regional importance, up to 50 districts; city districts in Yerevan and Gyumri, up to 175 districts; village and urbanized settlement districts, up to 50 districts. The exact number of electoral districts is determined for republican cities and regional councils by the national parliament or its presidium; for city districts in Yerevan and Gyumri, regional cities, villages and urbanized settlements, the number of districts is determined by the appropriate superior council, relying on the suggestion of the local councils.

The law provides that a people's deputy cannot hold certain other positions in the government, and if an individual is elected, s/he must resign from the following positions: 1) staff of the executive committee except for the chairperson, 2) heads of departments and sections of the executive committee, 3) judges, 4) heads of local subdivisions of the national security service as well as their deputies.

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<sup>23</sup>Interestingly, the law provides that more than one person can run for office, a reminder that during Communist times, this was not the case.

The results of the election are as follows: it is forbidden to open the ballot boxes until the election is over. Election hours are from 7:00 am to 10:00 pm. The chairperson announces that the election is over, and the boxes are then opened and counted by the electoral commission. Candidates are elected by a simple majority of votes, but s/he must receive a simple majority of no less than 25% of the total number of electors included in the list of electors, or at least 12.5% of the total number of potential votes. An election can be nullified because of violations of the electoral law.

### The Court System

Judges at all levels are currently elected by parliament. There are only judges at the regional (shrjan) level of government, and not at the local (city or village) level, with the exception of district-level judges in Yerevan and Gyumri. The Ministry of Justice collects all applications for the position of justice (recommendations, biographies, etc.) and submits these papers to the parliamentary commission on legal affairs. An exam is taken (the exam is offered only when necessary because elections of judges are being held). Those who pass the exam are submitted for the parliament's consideration. Parliament has extended the terms of all judges whose terms have expired. Only parliament can remove judges. The draft constitution calls for county courts and community courts (but not in all communities, because some are too small).

### Draft Laws

Currently, there is a draft law on local self government being reviewed by the national parliament. This draft attempts to lay out the operation of local and regional laws, decisions and decrees in one document, while not effectively changing the operations of the current regional and local structures. This draft is the most important piece of legislation currently being reviewed with regard to local government, next to the constitutional drafts, but it has not been placed on the agenda and discussed in anticipation of the passage of a new constitution, which would establish a complete reworking of local government law. This document is very long, and speaks in many vague generalities without successfully describing the operations and relationships of regional and local government. According to the legal consultant, this draft law will not be very effective if it is adopted as currently drafted.

The Parliamentary Committee on Local Self Government is having difficulty in determining what direction to take with regard to legal reform. The main problem is that this committee, like most other branches of Armenian government, is so busy worrying about problems like fuel, light, water, and preparing for the coming winter that it is not creating laws with long term policy reform in mind, but instead is dealing with short term problem solving.

### Draft Constitutions

The president's constitutional draft, which is currently expected to prevail, provides for an overhaul of the regional and local boundaries. Articles 108-114. Under this draft, the regions would be done away with, and Armenia would be divided into counties (marz) and the city of Yerevan (which

would have the status of a county).<sup>24</sup> The local level of government would be the community (hamaynk), consisting of cities and villages. The counties would be subject to the national government, with county governors appointed and removable by the Republic's president. The communities would elect community councils composed of five to fifteen members to serve for a term of three years. This council would approve and implement the budget and impose local taxes and duties. The national government would retain the power to remove the community leader (the mayor) upon the recommendation of the county governor, whereupon a new election would be held.<sup>25</sup> The details of regional and local government would be spelled out by legislation once the constitution was approved.

The opposition parties have also proposed a draft constitution. The opposition draft of the constitution was prepared by 6 opposition parties in a very unique fashion for a former Soviet republic. Each party initially prepared its own draft, then the parties came together and agreed on one draft. This opposition draft goes into much greater detail regarding the structure and jurisdiction of local government than does the presidential draft. Presumably, the presidential draft would rely more on implementing laws to fill in the details.

Chapter 7, Articles 87-91 of this draft provide for city courts, district courts and supreme court, plus the constitutional court. Chapter 9, Articles 93-97, entitled "Local Self Government," provide for free elections, local referendums, and elected-representative & executive bodies. Elected-Representative bodies would consist of provinces (districts) ("gavar" or "shrjan" in Armenian), cities, urbanized settlements, and village meetings. These representatives would be elected through universal equal and direct suffrage by secret ballot (excluding only those under 18 years of age and those who are recognized as incompetent by a court decision, and persons who are sentenced by a court to imprisonment and who are bearing their sentences).

Executive bodies would be headed by governors of the provinces, mayors at the city level, mayors of urban settlements, and mayors of villages, elected in the same manner as above. Meetings of provinces, cities, etc. would be entitled to supervise (participate in) the activities of governors and mayors without "directly interfering in" those activities. Those meetings would be entitled to remove governors and mayors by 2/3 majority of votes of the total number of their members. In the event of removal, new elections would be appointed to fill these spots. Parliament would be entitled to remove governors upon the proposal of the central government, headed by the prime minister.

Regarding property rights, local self government bodies would have the right to own land, moveable and immovable property, and financial resources. Property owned by local self government would be alienable for national needs only with compensation. Disputes related to alienation of this property would be settled by a court of law.

Province budgets would be formed on the basis of local taxes and other collected fees, as well

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<sup>24</sup>Another draft constitution has proposed nine counties, with Yerevan functioning as the tenth county.

<sup>25</sup>Mr. Sadoyan indicated that under the current system where mayors can be removed and plenipotentiaries can be appointed if vacancies persist, of the 12 plenipotentiaries that have been appointed at the local level, 8 have been subsequently removed. Ten other local level officials have been removed. Thus, he suggests that the central government has frequently replaced local officials, and the government-appointed replacements have not typically been effective.

as by allocations from the state (national) budget. These allocations would be made by the parliament, and the money would be taken from the "parliamentary fund" to support local self government. Regulation for the establishment of this fund and for allocation of money from this fund would be established by law. The budgets of cities, urbanized settlements and villages would be created on the basis of local taxes and other collected local fees, as well as allocations from the province budget. All of these allocations would be made by the province meetings through the funds created for the purpose of supporting the cities, urban settlements, and villages, which funds would be approved annually. Local budgets would be approved by provinces, cities, urban settlements, and village meetings, which would also control the implementation of those budgets. The local self government bodies would act independently within the authorities assigned to them by the constitution and laws of Armenia. All local issues would be resolved by local self government bodies, taking into consideration also the national interests. All national issues which concern in any respect the interests of provinces, cities, urban settlements and villages would be resolved upon the direct participation of local self government bodies.

In addition, local self government bodies would be entitled to: a) establish and administer all institutions and agencies under their jurisdiction; b) approve and dispose of the local budget; c) establish local taxes and other fees; d) conduct activities directed at the preservation and use of lands, water stock, and forests; e) design, construct, utilize, and repair the roads; f) design, construct, utilize, and repair hydrotechnical structures, i.e. channels, dams (water barriers), irrigation systems (networks); g) plan, construct, and improve the inhabited areas; h) manage the housing stock; i) manage the services for health care, sanitary hygienics, and anti-epidemic services; j) manage public utilities; k) manage transportation; l) manage public order and fire-fighting (fire safety); m) manage provision of aid to mothers, children, elderly people, and disabled persons; n) manage public education; o) organize trade, markets, and stock markets (?); p) manage museums, libraries and other cultural institutions; q) preserve monuments having historic and cultural significance; r) manage hotels and tourism; s) oversee organization of public leisure (parks, sports, etc.); and t) resolve other local issues. Article 97 indicates that the administrative territorial structure (division) of the Republic of Armenia, the status of local self government bodies, and the terms of their authorities shall be established by law.

As mentioned above, the president's draft currently appears to have the upper hand.<sup>26</sup> The president's draft reflects a desire to have more centralized control over local governments, where the leaders of regional and local government would report directly to their superiors in the central government and could be removed directly by the central government. The draft is also concerned with minimizing the number of administrative divisions of government, and would do away with the distinction between cities of republican importance and cities of regional importance.

According to Mr. Maroutian, the opposition draft does not solve these administrative problems because it would retain the existing structure. He suggested that the president's draft is problematic because it would create a presidential representative but no legislative representative at the local level, although the local budgets would be approved by a representative body. The opposition, while believing that the administrative divisions eventually need to be changed, maintains that Armenia presently needs

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<sup>26</sup>According to Mr. Sadoyan, the body that establishes the parliament's agenda is controlled by the president's party. This body has blocked the opposition draft of the constitution from being heard in parliament, but the president's draft apparently does not have the 2/3 support necessary to pass parliament and be adopted. He mentioned that the president is considering passing his version of the constitution by referendum of the people.

stability more than it needs this administrative reform. They claim that the president is attempting to use this administrative reform to centralize local government and grasp more power over local activities. Mr. Sadoyan indicated that the majority of local governments are opposed to the president's version of the constitution, but are afraid to express their disagreement.<sup>27</sup>

Another problem that remains to be addressed by the constitution and/or implementing laws is the fact that no single governmental agency is dedicated to local government. Currently, three agencies at the national level of government have responsibilities relating to local government: 1) the Parliamentary Committee on Local Self Government, 2) the president's apparatus, which plays a supervisory role, and 3) the Department of Regional Regulation, which is part of the government apparatus. While they do not work independently, their efforts are not easily coordinated.

Both drafts of the constitution are inadequate in some respects, will be dependent upon enactment of extensive implementing laws, and probably will not successfully deal with the issues of local self government. However, the opposition draft attempts to provide local government with a basis for local autonomy, while the presidential draft addresses administrative problems while retaining and even strengthening the central control over local governments. The opposition draft spells out the subject matter that is appropriate for local decisionmaking, and even suggests that local governments are "entitled" to act upon issues of local concern. Neither draft addresses the fact that a large, unwieldy number of deputies are elected at the local and regional level who do not have significant power and have difficulty holding the executive committees accountable. Both drafts assume a great deal of central government involvement in local government, but the president's draft spends no time outlining local prerogatives, and instead sets up a system where the president can directly remove any regional decisionmakers and indirectly remove any local decisionmakers who do not satisfy him, without any objective criteria for removal. While the president's draft may suggest a more rational administrative approach with fewer artificial regional subdivisions that should be considered for inclusion in the new constitution, the opposition's draft gives more attention to local concerns and decentralization issues, and is thus more favorable in this respect.

#### Comments and Observations Regarding Local Government Law in Armenia

Armenia's laws currently reflect the Communist legacy of extensive written laws without the rule of law and an effective judiciary system, coupled with an absence of written law on many subjects which are presently of great importance, including democratic processes, local self government and direct citizen participation in government, budgetary and tax systems, and operational relationships between key actors in national, regional and local governments. While many of the governmental structures and systems currently in place on the national, regional and local level could conceivably operate smoothly with the right people operating them, the lack of checks and balances and the lack of legally defined and enforced relationships leaves a great deal of room for abuse of the system and control of regional and local affairs by self-interested individuals or by a central government which has less of a stake in regional and local well-being than the people it is governing. Essentially, as one government official stated, Armenia lacks the culture of democracy among its people and leaders that is critical for democratic and rational decisionmaking. The citizens are used to a system where their input and ideas are not valued or respected

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<sup>27</sup>A compromise proposal suggests that a new constitution should centralize those powers that are national in character, and give more independence to local governments to deal with local issues. Mr. Sadoyan suggested that the president was not interested in such a compromise proposal.

on a national or local level. As a result, the citizens are apathetic toward all levels of government, and lack the know how or interest to demand accountability from their government or its leaders.

Additionally, the fall of communism and the ascendancy of some democratic principles (e.g. free elections, freedom of speech, many leaders who are not ex-Communists, etc.) have left the people even more cynical when these reforms have not led to economic success and political honesty and rational decisionmaking. A large percentage of popularly elected deputies in the regional and local governments are simple and uneducated people, swept into office by the wave of democracy. These individuals need jobs and are in desperate straits, like the majority of the population, and as a result, these elected officials are often unwilling to be held accountable, or to hold the regional or local officials whom they elect (chairpersons of the council of deputies and executive committee members) accountable if those individuals offer them perks such as better paying and more prestigious employment positions, more subordinates and personal chauffeurs, and other special favors that these officials have the power to offer, given the lack of accountability. This vicious cycle of citizen apathy toward government providing more opportunities for government officials to take advantage has left most citizens feeling hopeless and even less likely to get involved in the government process at the local level. Moreover, even when government officials do care about doing their jobs well and serving in the public interest, these officials are so busy attempting to solve the many short term problems which stem from external interference, like preparing for a winter without heat, light and water, that they are not free to make policy decisions and guide the long term future of the city, region or nation. In this atmosphere, even if the present system could work under perfect conditions, the present system has no chance of working in Armenia's catastrophic conditions.

This grim assessment does not mean, however, that Armenia cannot benefit tremendously from regional and municipal development programs that focus on legal and structural advice and technical assistance training. Rather, these programs must take into account the reality that citizen participation and ownership in the process are essential to success and improvement of the system of regional and local government. Local involvement in programs such as the United Nations' public information and awareness program being implemented in Yerevan are also important in this process. Equally important are programs that emphasize responsibility and accountability of public officials, demonstrate the importance of checks and balances, educate on the importance of conflict of interest laws, and enforcement of sanctions for violations of public trust. Development of a stronger judicial system based on the rule of law is an essential part of this training. Training on relationships of different levels of government (state vs. regional vs. local) would be valuable, especially if it emphasized how these different levels can work together, rather than merely viewing local government as subordinate to the central government.

Armenia could also benefit from training that stresses the importance of working with opposition parties and opposing points of view rather than attempting to stifle dissent. Another suggestion for training that comes from the experience of Armenians within the government structure is an emphasis on in-country training, as opposed to training abroad. This suggestion comes from the experience that in Armenia, as in probably most NIS countries, the hardship conditions dictate that an opportunity for training abroad is a huge perk that is often passed out to loyal cronies rather than to deserving trainees who would benefit from or respond to the training.

## **APPENDIX**

**The Decision**  
**of the Supreme Council of the Republic of Armenia**  
**on the order of implementation of the Law of the Republic of Armenia**  
**"About Taxes and Duties in the Republic of Armenia"**

The Supreme Council of the Republic of Armenia **DECIDES:**

1. The Law of the Republic of Armenia "About taxes and duties in the Republic of Armenia" should be implemented from the moment of its publication, except the Article 6 of the Law which should be implemented after the adoption of laws on direction of local referendums.
2. The Government of the Republic of Armenia must:
  - a) adjust the decisions of the government of the Republic of Armenia adopted before May 1, 1992 to the Law of the Republic of Armenia, "About taxes and duties in the Republic of Armenia";
  - b) negotiate with foreign countries to work out an international agreement prohibiting the double taxation of income of physical and legal persons.

Chairman of the Supreme Council  
of the Republic of Armenia  
B. Ararcktsian  
March 23, 1992, Yerevan

**The Law of the Republic of Armenia**  
**"About Taxes and Duties in the Republic of Armenia"**

**Chapter 1.**  
**General regulations**

**Article 1.** This Law is defined by its application to: the concepts of taxes and their types; the objects of taxation and taxpayers; the order of the solution of controversies; responsibilities for the violation of tax legislation; and the main principles upon which the tax legislation of the Republic of Armenia are based.

**Article 2.** The tax is an obligatory and non-reimbursable payment defined by this Law and by other acts of legislation of the Republic of Armenia of consistent amounts and of predetermined terms, levied from physical and legal persons and other taxpayers, for State and public needs.

A duty is a payment, defined by this Law and by other acts of legislation of the Republic of Armenia, for certain services and actions performed by State bodies, levied from physical and legal persons and other taxpayers, by duty notes or collected from the

account of the payer.

**Article 3.** Taxes and duties defined by this Law are paid to the State budget of the Republic of Armenia, to local budgets, and in some cases defined by the Law, to out of budget funds.

**Article 4.** In the Republic of Armenia a single tax system operates to accomplish the common and unique taxation requirements of all taxpayers.

In the Republic of Armenia all physical and legal persons, and all organizations and associations that do not have the status of a legal person, must pay taxes and duties if it is not defined otherwise by the Republic of Armenia.

**Article 5.** The following tax privileges can be defined in the legislation of the Republic of Armenia:

- tax release
- reduction of the taxable object
- reduction of the tax
- term privileges of tax calculation and payment
- reduction of tax rate
- compensations to the taxpayer.

In the cases where a decision about the termination or alteration of tax privilege is adopted then the order of the implementation of this decision for the taxpayers is necessarily defined.

**Article 6.** In the Republic of Armenia the right to define taxes and duties, tax objects and taxpayers, tax rates and privileges, belongs to the Supreme Council of the Republic of Armenia.

Local taxes can be applied by proposals of the local councils, and they can be collected from the local population only for certain social-economic needs and only in the case of a positive result from a referendum conducted within the local administrative unit. Local taxes and duties can be levied for a period no longer than 5 years. These taxes and duties can be terminated before that time by the decision of the local deputy councils.

Local taxes and duties can be terminated by the Supreme Council of the Republic of Armenia if they contradict the legislation of the Republic of Armenia.

**Article 7.** The order of the calculation and payment of taxes and duties is defined by the government of the Republic of Armenia according to the requirements of the Ministry of Finances and of the State Tax Agency.

**Article 8.** If any rate of the defined tax is changed, and if the financial year includes the date of the rate change (if this date is not the first day of the financial year), then the

taxes are calculated according to the former rate until the actual date of the change, and are calculated by the new rate after the actual change date until the end of the year.

If any tax is terminated, then for the year the tax termination is considered as a tax change and the new tax rate is equal to 0.

**Article 9.** A taxable object can be taxed only once by the same State body that has authority to levy taxes on it.

**Article 10.** Taxes and duties are paid in bank notes and duty notes that officially circulate in the Republic of Armenia.

Currency sums are recalculated into official money of the Republic of Armenia by the currency course of the payment as defined by the National Bank of the Republic of Armenia.

**Article 11.** The income (profit) sums of taxpayers of the Republic of Armenia received out of the Republic of Armenia are included in the whole income (profit) sums and are considered in the calculation of taxes.

Taxes levied in the Republic of Armenia are reduced in accordance with the tax sums levied from the taxpayers of the Republic of Armenia in foreign countries according to the legislation of those foreign countries. The sizes of sums by which taxes are reduced cannot exceed the income (profit) received in foreign countries that are to be taxed by the Republic of Armenia.

## **Chapter 2**

### **Types of Taxes and Duties, and Taxable Objects**

**Article 12.** The following taxes and duties are defined in the Republic of Armenia:

- profit tax -- from the profit of legal persons;
- income tax -- from the income of physical persons;
- excise-duty -- from the sale of certain goods;
- additional value tax -- from the circulation of goods and services;
- social tax -- from salaries and the income adjusted to salaries;
- land tax -- for the land plot of the landlord;
- professional tax -- for certain professional activities;
- inventory tax -- for certain types of inventory;
- nature protection tax -- for the use of certain natural resources and for the pollution of the environment;
- transportation tax -- for the sale of petrol and diesel fuel and for transportation means according to their power,
- state duties -- for legal and other services;
- custom duties -- for the export and the import of goods;

- inheritance and gift taxes -- from the value of inheritance and gifts;
- local taxes -- according to part 2 of Article 6 of this Law;
- other taxes and duties.

**Article 13.** Taxes and duties are levied in the following order:

1. inventory taxes (land tax, inventory tax, transportation tax) and duties;
2. other taxes, after subtracting the sum mentioned in point 1 of this article from the taxable object.

### **Chapter 3 The Rights and Duties of Taxpayers, and the Control over Payment of Taxes and Duties**

**Article 14.** The taxpayer has the right:

- to get acquainted with the acts of examination of his or her activity;
- to introduce needed explanations to the State auditing bodies about tax and duty calculations, and about payments, according to the results of revisions;
- to appeal the actions of representatives of the State auditing bodies according to the Constitution of the Republic of Armenia.

**Article 15.** The taxpayer must:

- make an accounting balance according to the established form, file reports on the financial-economic activity, calculate the sums of the required taxes during the period mentioned in the report, produce documents and information required by the law about calculation and payment of taxes and duties to the State auditing bodies of the Republic of Armenia;
- pay taxes and duties required by the law promptly and fully;
- produce documents confirming the right of tax privileges;
- correct account balance records in case where revisions show taxable objects completely or partially concealed from the State auditing bodies;
- produce written explanations of the reasons for not signing acts of the revisions in the case of a disagreement with descriptions in the examination by the State auditing bodies.

**Article 16.** The tax obligation of a physical person ends in the case of fulfillment of his obligation, in the case of a tax elimination or in the case of death if the fulfillment of the tax obligation is not possible without the participation of the taxpayer.

The tax obligation of a legal person ends in the case of the fulfillment of this obligation or of a tax elimination. In the case of an impossibility of the fulfillment of a tax obligation, the State auditing body has the right to bring up a bankruptcy suit against the taxpayer. In the case of the liquidation of a legal person, and of an organization that does

not have the status of legal person, the tax debt is transferred to his (the owner's) property.

The levying of unpaid sums of taxes and duties is made according to the Legislation of the Republic of Armenia, without any arguments from legal persons and by suit from physical persons and other taxpayers.

**Article 17.** The control over the calculation and payment of taxes and duties is exercised by the State auditing bodies of the Republic of Armenia.

**Article 18.** While exercising control over tax calculation and levying information and testimony received illegally cannot be used against the taxpayer for tax calculation and levying.

**Article 19.** Testimony or information cannot be used for the calculation and levying of tax from a taxpayer until the taxpayer has received it and has provided explanations.

**Article 20.** Banks, loan institutions, exchanges and other organizations and institutions must give information to the State auditing bodies about financial-economic transactions of their client-taxpayers during the past financial year. Such information must be in the form established by the government of the Republic of Armenia, if the legislation does not require otherwise.

In case where the necessary information is not produced, the top management of these institutions and organizations will be held responsible, according to the Legislation of the Republic of Armenia.

#### **Chapter 4** **Responsibility in the case of breach of tax legislation**

**Article 21.** Taxpayers will be held responsible for any breach of tax legislation as provided in the legislation of the Republic of Armenia.

**Article 22.** The responsibility to calculate the taxes correctly, to pay them promptly and to fulfill other requirements of tax legislation is laid upon taxpayers and official representatives of taxpayers (organizations, institutions and associations), as provided in the legislation of the Republic of Armenia.

**Article 23.** If the payment of taxes or duties is late then the taxpayer pays a fine of 0.5 percent of the sum of the tax or duty for every day of delay, if the legislation of the Republic of Armenia does not provide otherwise.

**Article 24.** Those taxpayers who do not have accounting reports and balances, and the necessary calculations for the current tax period pay 110 percent of the tax from the income of the previous period. In the case of an absence of data from this period, the tax is calculated on the basis of data from the current financial year.

After producing the above-mentioned documents, a tax recalculation is made. If accounting reports, balances, calculations and declarations are late more than 2 months, the taxpayer pays a fine equal to 5 percents of the tax sum for every day of delay.

**Article 25.** The taxpayer pays a fine equal to 10 percent of the tax sum for any incorrect or incomplete accounting records, balances, calculations, declarations and other documents required by the State auditing body.

**Article 26.** Taxpayers will be held administratively or legally responsible for the following: the omission of a record of income, or its incorrect recording; the failure to produce a declaration promptly, or the placement of a false data into the declaration; the failure to disclose income or the possession of a taxable object; tax evasion.

**Article 27.** In the case of concealment of a taxable object or of the presentation of its reduced value, the taxpayer is to be levied the sum of the whole concealed or value-reduced object, plus a fine equal to this sum. In the case of a repeated breach within one year, the fine will be doubled.

Taxable objects that are not recorded in accounting reports, balances, calculations and declarations are considered to be concealed or reduced in value.

For concealed or value-reduced taxable objects, tax or duty sums are paid to the budget from the account of taxpayers.

**Article 28.** In the case of the concealment or the reduction of income received in foreign currency, the sum is recalculated according to the currency exchange rate in the National Bank of the Republic of Armenia.

**Article 29.** Taxpayers must pay the tax sum for concealed or value-reduced taxable objects and fines provided by the Articles 23, 24, 25, 27 of this Law to the budget within 10 days after receipt of a notice. If the taxpayer does not pay the tax sums or if the taxable objects remain concealed or value-reduced then the State auditing bodies will confiscate the appropriate fines for the whole period without argument.

**Article 30.** In cases where a taxpayer eliminates (liquidates) a profitable object or conceals his or her income and thus prevents the levy of taxes and duties during a tax period, determined by the legislation, the State auditing body can take steps to levy the taxes and duties before the tax reporting period. In this case, the State auditing body can require accounting reports, balances, calculations, declarations and other documents, that are required by the Law before the date set by the Law.

**Article 31.** In cases, where tax or duty payments are late, or the payments are incorrect the State auditing body must present a notice of its requirements within 10 days. The 10 days term begins as soon as the State auditing body learns about the late or incorrect payment.

**Article 32.** If accounting reports, balances, declarations and other documents required by the Law are presented late or incorrectly; if tax sums are levied and submitted to the budget incomplete or late, and if the officials who are responsible for presenting information to organizations, institutions, associations and citizens about taxes they have paid, do not present this information according to the established order and promptly, they bear the responsibility held to them by the legislation of the Republic of Armenia.

### **Chapter 5** **The Order of the Reimbursement of Taxes and Duties** **Paid to the Budget by Mistake**

**Article 33.** If superfluous sums of taxes and duties have been levied due to mistakes in calculations or due to improper levying procedure, then taxpayers are to be reimbursed payment or have payment transferred to other taxable sums required, within a month after the day the incorrect payments become known, for the next three years after the day of the incorrect payment.

A declaration about the reimbursement of superfluous levied sums, presented to the State auditing bodies terminates the mentioned term.

**Article 34.** If employers do not levy tax sums from employees promptly then these sums are to be levied from earnings periods of no more than the last three months of employment. The superfluous sums paid by mistake are to be reimbursed within a month after the day it becomes known, for the next three years after the day of the incorrect payment.

A declaration of the taxpayer about reimbursement of superfluous sums terminates the mentioned term.

**Article 35.** The State auditing bodies compensate the damage (including lost profits) caused to taxpayers that have taken place because of their inability to complete their duties, according to the legislation of the Republic of Armenia.

### **Chapter 6** **Complaints about the Actions of Officials of the State auditing Bodies**

**Article 36.** When levying taxes the actions of officials of the State auditing bodies can be complained of in the body to which these bodies subordinate. The complaints are considered and decisions about them are to be made no later than 30 days after the complaint has been received. These decisions can be appealed in a superior tax the State auditing body or in a court, within a month after the copy of the decision has been received by the appealing person.

**Article 37.** Complaints against the actions of officials of the State auditing bodies associated with the assignment of administrative fines will be processed according to the legislation on administrative delinquency of the Republic of Armenia.

**Article 38.** Complaints against the actions of officials of the State auditing bodies does not terminate the levying of taxes. The body considering the complaint has the right to terminate the tax levying until the final consideration of the complaint.

**Chapter 7**  
**Application of International Contracts**

**Article 39.** If international contracts of the Republic of Armenia are confronted with rules other than those included in this Law, the rules of the international contracts are applied.

The mentioned rules go into effect after the Supreme Council of the Republic of Armenia adopts the above-mentioned contracts.

**President of the Republic of Armenia**  
**L. Ter-Petrosian**  
**April 19, 1992, Yerevan**

**The Council of Ministers  
Decision  
About Reorganization of Legal Land Relationships  
of Land Users with the Deputy Councils of Cities, Settlements,  
City like Villages, Village like Regional Centers**

According to the Articles 9, 18, 19, 20, 67, 77 of the Land Code of the Republic of Armenia, in order to make inventory of land in the cities, settlements, village like regional centers and to receive primary data for the cadastre basis

The Council of Ministers **decides:**

1. To oblige the Deputy Councils of the cities, city like settlements, village like regional centers to begin at July 1 1993 and to finish to the end of 1994 re-registration of land users and distribution of documents, titling rights for land.

First of all the land plots given to citizens as property free of charge for construction and housing service should be re-registered.

Before improving land relationships rent relations should be applied as the main form of legal land relationships, besides property of citizens.

2. To consider illegal the occupation of land plots by physical and legal persons who have not re-registered the fact of land use before the term, mentioned in Paragraph 1, and do not have titles, confirming their right for land.

Sanctions described in the Article 77 of the Land Code of the Republic of Armenia are applied to them.

3. To confirm "Temporary decision about the order of registration of land plots, registration of facts of land use, distribution and change of titles", according to Appendix 1.
4. To confirm a typical contract about allotment of land plots by rent and by other kinds of temporary use (rent contract), according to Appendix 2.
5. To keep a "Book of Registration of Facts of Land Plots Use" for the registration of facts of land use, according to Appendix 3.
6. To keep a "Book of records of State acts giving right for land ownership" to record the distribution of titles, according to Appendix 4, and a "Book of records of rent and other temporary use contracts of land plots", according to Appendix 5.
7. To oblige the State Committee of Architecture to begin creation of Republic

information bank of urban development data.

In a month period, to define the structure of data and the order of presentation of information about territories of corresponding settlements, by the local deputy councils. In the same period to present proposals about material-technical and financial provision of informational bank of urban development data and urban development cadastre.

8. The Ministry of Economy and the Ministry of Finances must provide financing of the works described in the paragraph 7 of this Decision.
9. This Decision should be published in media with the explanations of purposes and tasks of the conducted steps.

# **The Republic of Armenia**

## **Principles of Legislation about Environmental Protection**

These principles shape the environmental protection policy of the Republic of Armenia and aim at protecting the natural environment in the territory of Armenia and at regulating its use as well as at forming necessary legal basis for drafting environmental protection legislation which shall regulate the relations as regards mineral resources, forests and water reserves and the protection and utilization relations as regards flora and fauna and atmospheric air.

### **Part I**

#### **General Provisions**

#### **Article 1. Essence and Goals of Environmental Protection.**

Environmental protection is implementation of effective measures aimed at preventing the negative impact of human activities on environment, at preserving the stability of the natural habitat, at securing harmonization between nature and vital activities of humans, and rational utilization and reproduction of natural resources.

The following are the goals of the environmental protection:

- to secure people the environment fit for living and for economic activity;
- to safeguard the natural genofond and to assist in reproducing the riches of flora and fauna;
- to protect the overall ecological balance and the diversity of landscapes of the natural-territorial systems;
- to protect and to rationally use mineral resources, to secure their systematized, orderly and wasteless exploitation;
- to protect uncommonly beautiful sights and natural sites which are of historical, cultural and aesthetic value and which make part of a national heritage.

#### **Article 2. Natural Objects Entitled to Protection.**

In the Republic of Armenia land, mineral resources, flora and fauna, atmospheric air, waters, nature reserves (conservances, preserves, typical or rare natural objects), landscapes, sites of major historical events and sites that may be used for medical purposes are entitled to State protection against pollution, waste, damage, exhaustion and ruin and to State regulation of exploitation.

#### **Article 3. Principles, Goals and Conditions of Exploitation of Natural Resources.**

The exploitation of natural resources is a relationship between man and nature in the process of which man's spiritual, physical and material needs are satisfied.

The exploitation of natural resources is allowed only on condition of their preservation and reproduction.

#### **Article 4. The Legislation of the Republic of Armenia Regulating Environmental**

### **Protection and Exploitation of Natural Resources.**

The relations in the field of environmental protection and exploitation of natural resources are regulated in the Republic of Armenia by these fundamentals and by other legislative Acts of the Republic of Armenia passed in conformity with them.

#### **Article 5. Economic Mechanism Ensuring Environmental Protection.**

The economic mechanism ensuring environmental protection is fixed by the Acts issued by individual Ministries and includes:

- collection of payment for the exploitation of natural resources, for the environmental pollution and for other adverse, though not exceeding the allowed limits, impact;
- levying fines for violation of environmental protection legislation;
- imposition of large sums of taxes and of other economic sanctions in case of non-application or of inadequate usage of the scientific and technological achievements (particularly efficient devices, appliances, technologies and equipment);
- collection of additional taxes in case of application of technologies having adverse ecological impact;
- granting of tax and credit advantages for application of resource-saving and wasteless technologies and production and for those with little waste, for the activities conducive to environmental protection and reproduction, and for strictly obeying the ecological discipline;
- granting of licenses to producers authorizing them to have certain amounts of controlled inevitable waste which pollutes the environment;
- collection of indemnities for damage incurred by spoiling or destroying the natural objects;
- setting of obligations to redress the damage caused to the environment or to its individual parts.

Republican and local Environmental Protection Funds are to be established to implement measures on environmental protection.

Public organizations can establish public Funds for environmental protection.

#### **Article 6. State Responsibilities in the Field of Environmental Protection.**

Combining environmental protection with other fundamental issues of national policy, the Republic of Armenia assumes the following obligations:

- to guarantee all citizens of the Republic secure, healthy and favorable environment which will meet their social, aesthetic and cultural requirements;
- to attain the most rational use of natural environment, guaranteeing against its deterioration and against the occurrence of hazards to human health and ecological security;
- to strike a balance between the population growth and the use of natural resources, and to maintain the overall ecological equilibrium of separate or several constituents of the environment;
- to co-ordinate national and international interests in this domain.

#### **Article 7. The Powers of the Supreme Soviet of the Republic of Armenia in the**

### **Field of Environmental Protection.**

The Supreme Soviet of the Republic of Armenia formulates an overall environmental protection policy, draws up its guidelines and enacts the laws regulating the field.

The Supreme Soviet is competent to close enterprises and works which have particularly adverse impact on environment and to declare a district and ecological crisis or disaster area.

The Supreme Soviet appoints the Chairman of the National Committee for Environmental Protection.

### **Article 8. The Powers of the Government of the Republic of Armenia in the Field of Environmental Protection.**

The Government of the Republic of Armenia is authorized to elaborate and carry out measures aimed at environmental protection, to develop foreign relations in this field, to regulate the exploitation of natural resources, to place the monuments of nature, history and culture under the protection of the State, to forestall an ecological crisis and to liquidate the consequences of disasters.

### **Article 9. The Powers of Bodies of Local Self-Government.**

The bodies of local self-government have the authority to conclude contracts (having obtained a prior agreement of the environmental protection agencies) which set the conditions and limits of usage of natural resources, to grant tracts of land on lease, to implement protection of and corresponding supervision over landscapes, ecosystems and individual components of the environment.

### **Article 10. State Environmental Protection Agencies and their Powers.**

The State Committee for Environmental Protection is an agency exercising State control over environmental protection and regulating exploitation of natural resources.

The Chairman of the State Committee for Environmental Protection shall annually submit to the Supreme Soviet of the Republic of Armenia a report on the state of the environment and on the exploitation of natural resources.

The powers of the State Committee for Environmental Protection are fixed by the Statutes of the State Committee of the Republic of Armenia for Environmental Protection.

It is incumbent upon the State environmental protection agencies to furnish the population in due time with accurate information on the state of the environment.

### **Article 11. The Rights and Responsibilities of Citizens in the Field of Environmental Protection.**

Every citizen of the Republic of Armenia has the right:

- to make use of health-improving or health-restoring faculties of nature;
- to make use of the fruits of nature in the manner stipulated by the law;
- to receive complete compensation for the damage caused to his/her health as a result of an environmental pollution, ecological accident or disaster;
- to demand and to get without delay complete and accurate information on the state of the environment;
- to live in a healthy environment and, should the environmental pollution take

place, to receive the status of a victim of an ecological disaster and thus to be entitled to an equivalent compensation in accordance with the procedure established by the Council of Ministers of the Republic of Armenia;

- to participate in the elaboration of laws related to environmental protection and in the supervision over their application;
- to be enrolled in the public agencies for environmental protection;
- to enjoy the rights that do not contradict the environmental protection legislation.

It is the duty of every citizen of the Republic of Armenia to strictly observe the requirements of the environmental protection legislation and to support the protection of the nature.

## **Part II**

### **The Environmental Quality Indexing and Ecological Demands Put Forward to the Economic Activities on the Territory of the Republic**

#### **Article 12. The Environmental Quality Indexing.**

The environmental quality indexing is done for the purpose of setting the scientifically substantiated extreme admissible values for the standards of the impact on the environment which shall guarantee public health and security of the overall ecological system.

The extreme admissible values of the negative impact on the environment and public health shall be subject to alteration by the State Committee for Environmental Protection of the Republic and by the Ministry of Public Health in conformity with the progress of science and technology and taking into consideration the international standards. These agencies will be in the position to toughen the fixed norms for a given district, proceeding from the specific conditions of this district and co-ordinating their decision with the local Soviets.

The normative-technical and measuring-metrological system which is requisite for the environmental protection will include:

- the extreme admissible values of density of pollutants of air, water and soil;
- the extreme admissible values of pollutants (controlled) discharges;
- the limits for application of chemical substances that pollute the environment;
- the extreme admissible values of noise, vibration, magnetic fields, radiation and of other factors of adverse physical impact;
- the extreme admissible values of remnants of chemical substances in food;
- the extreme admissible values of application of means of chemicalization of agriculture;
- the extreme admissible values of burden on the environment;
- the size of the sanitary and protection zones;
- the health indices of total population and of various groups.

**Article 13. Control Over the Quality of the Environment.**

The quality of the environment must be in conformity with the standards set for this district.

The control and evaluation are regularly carried out by the State agencies for environmental protection will be in the position to restrict or to stop the discharges and other kinds of adverse impact and even to close down the factories and works that pollute the environment.

**Article 14. Elaboration and Implementation of Economic and Other Project that have and Adverse Environmental Impact.**

The economic, civil engineering and other projects that have an adverse environmental impact must have a substantiation (composed as a report on the predictable environmental impact) which will be submitted by a customer to the State agencies for environmental protection prior to the approval of the project. The report must contain the assessment of the possible environmental impact that the proposed project can have, if implemented, as well as the list of those environmental protection measures which are to be taken alongside the implementation of the project.

Elaboration and implementation of large-scale national economic programs that have essential adverse environmental impact, will be done by the decree of the Supreme Soviet of the Republic of Armenia. If necessary, such decisions can be made on the basis of the results of the nation-wide discussions or referendum.

Strictly prohibited are the elaboration and implementation of projects that can disrupt the ecological equilibrium and the ecological systems, can destroy the genetic code of the plants and animals or cause irreversible consequences for public health and the environment.

**Article 15. Ecological Requirements to be Met by the Operation of Enterprises, Installations and Other Objects.**

It is incumbent upon the enterprises, associations and organizations, whose activities can have an adverse environmental impact, to take practical, effective measures to guarantee the observance of the health and ecological standards.

The enterprises are obliged to secure the environmental protection in conformity with the existing standards by ensuring the uninterrupted and efficient operation of the treatment facilities, installations and stations, by decontamination of the hazardous waste and by putting the ecologically safe technologies and cyclic water-supply systems to use.

It is prohibited that installations which do not meet all the ecological requirements be put into operation. Should such an installation be put into operation, the chairman and the members of the State Commission that authorized this exploitation, shall be liable to prosecution and to administrative sanctions.

The functional restructuring of installations that have adverse environmental impact, will not be done unless there is prior consent of the State agencies for environmental protection and of the bodies of the local self-government.

**Article 16. The State Ecological Expertise.**

The State ecological expertise is a compulsory procedure which aims at controlling the conformity of economic, civil engineering and other activities to the requirements of

ecological safety for the population and at determining the degree of ecological hazards possibility of the activities that are intended or already carried on.

The State ecological expertise is carried out by the State Committee of the Republic of Armenia for Environmental Protection and by other State nature protection agencies, with extensive participation of specialists and representatives of the public, and with adherence to the principles of legitimacy, scientific validity, comprehensiveness and publicit (openness).

Foreign experts can be invited to participate in the State ecological expertise.

The decision reached by the State ecological expertise must be examined by the State body which regulates economic and other activities. The implementation of a project is prohibited unless there is a positive decision of the expertise.

The decision reached by the State ecological expertise must be examined by the State body which regulates economic and other activities. The implementation of a project is prohibited unless there is a positive decision of the expertise.

The ecological expertise is performed in conformity with the law about the ecological expertise of the Republic of Armenia.

#### **Article 17. The Objects of the State Ecological Expertise.**

Subject to the State Ecological Expertise are:

- programs of economic and social development;
- distribution scheme of the branches of national economy;
- directions and normative-technical documents regulating the economic activities;
- construction and siting projects of the enterprises which will have an adverse environmental impact;
- treatment facilities, new technical devices, technological processes, standards, chemical substances;
- the ecological state of the environment of the Republic as a whole and of the individual cities, towns and districts.

Subject to special ecological control also are:

- all the documents of civil engineering works;
- the products imported into and exported from the Republic;
- the foods imported into and exported from the Republic.

### **Part III**

#### **Protection of Individual Natural Objects**

#### **Article 18. Protection of Land**

## Council of Minister of the Republic of Armenia

### Decision

#### **"About Starting Reregistration of Legal Relationship of Landusers and City, Town, Village and Regional Councils."**

In accordance with Article 9, 18, 19, 20, 67, 77 of the Land Code of the Republic of Armenia, aiming to establish land registration in cities, towns, regional centers and obtain preliminary data for a cadaster foundation, the Government of Armenia decides to:

1. Oblige the city, town, village and region councils to start the reregistration of landusers and the issuance of legal documents, certifying the right for land from July 1, 1993 and finishing by the end of 1994.  
Land lots, given as a property to the citizens free of charge for construction and maintenance of housing are subject of prior reregistration.  
Before perfection of land relationships, to use leasing, along with individual property, as a basic to form legal land relationship.
2. Consider as illegal occupancy, the physical and legal subjects that have not reregistered their land use and do not have legal documents, certifying their land rights within the time-limits mentioned in Article 1 of this decree.  
In these cases the sanctions of Article 77 of the Land Code of the Republic of Armenia are to be used.
3. Confirm the "Provisional Order of Land Registration, Use, Issuance or Change of Documents certifying the Land Rights" in accordance with Appendix #1.
4. Adopt a Model Agreement on of land lots on a lease basis (lease agreement) in accordance with Appendix # 2.
5. Introduce the "Book of Land Use Registration", in accordance to Appendix #3.
6. Introduce the "Book of State Acts on Land Property Rights and Permanent Land Use" for keeping records of legal documents' issuance, certifying the land rights in accordance to Appendix #4 also "Book of Registration of Land Lease Agreements and Other Temporary Uses" in accordance to Appendix #5.
7. Oblige the State Dept. of Architecture to start the formation of the Republic's "Information Bank of Urban Development Data".  
Within a month, to define the list of required data and order of information reports that local bodies have to prepare. Within the same time limit make comments (recommendations) about the material, technical and financial needs of the Information Bank of Urban Development.
8. Direct the Ministry of Economy and Ministry of Finance of the Republic of Armenia provide the finances for the activities, mentioned in Article 7 of this document.

9. This Decision must be printed in Mass Media with explanations of its aims and tasks.

**ENGLISH TRANSLATION BY :**

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## **Contents of the Articles of the Draft Law of the Republic of Armenia "About Urban Land"**

(Articles and chapter are presented without numbering in the Law)

### **Chapter . Areas (Land) of the Cities and Towns**

#### **Article . Land of cities and towns**

1. The territorial basis of cities and towns consists of the entire surface areas inside the boundaries of the cities (towns), as well as the space, within reasonable limits, above and under these areas, usable for urban development purposes.
2. All citizens, living in the cities or towns, have a right to the land within the boundaries of those cities and towns and the basis for provision of [normal] living conditions.
3. Land property of City and Town Deputy Councils consists of all land within the boundaries of their city (town) and land allotted to them outside of these boundaries. Land belonging to citizens and to the Republic but within the boundaries of their city (town) are exceptions to this.

#### **Article . Types of city and town areas (land)**

Land of cities and towns consist of:

1. Land for city and town construction.  
Version 1: Land for housing and public construction.  
2: Land of industrial and communal-warehouse construction.
3. Land for common use.
4. Land for external transportation, communication, public works.
5. Land, intended for protection of nature, health care, recreation and historical-cultural purposes.
6. Land occupied by forests.
7. Land occupied by water pools [i.e., reserves].
8. Land for agricultural purposes.  
(Edited version, more precisely reflecting the interests of urban development is "Land for agricultural use".)
9. Land for special purposes.
10. Reserve land.
11. Land requiring special engineering works.

## 12. Other land.

Alternatively: to combine paragraphs 11 and 12 with the name of "Other land".

### Article . Land for housing and public construction

Land for housing and public construction consists of land, which is already constructed or is suggested for construction of housing, cultural and everyday needs, administrative, religious and other buildings and facilities.

This land is allotted to enterprises, organizations and institutions for construction and utilization of the above-mentioned buildings, and also to citizens for construction and servicing of housing. (Subjects of the right are presented in the edition of the legislation of the Republic of Armenia).

### Article . Land for industrial and communal-warehouse construction.

Land for industrial and communal-warehouse construction consists of land, which is already developed or is suggested for construction of industrial and communal-warehouse buildings, their infrastructures, or sanitary-protection zones within the allotted areas.

This land is allotted (subjects are listed) for construction and utilization of the mentioned buildings.

### Article . Land for common use.

1. Land for common use consists of land used for transportation (e.g., squares, streets, passages, side-streets, roads, parking lots, quays, and so on), for the cultural and everyday needs of citizens (parks, forests, gardens, alleys, water pools? [question mark is put by the authors], beaches, and so on), areas of sanitary-technical facilities, cemeteries and other land, serving the needs of cities and towns.

Alternatively: "serving the needs of citizens of cities and towns".

2. Land for common use is under the authority of the local councils and cannot be condemned, allotted to citizens and leased to legal and physical persons, except for the cases when this land is allotted for temporary use for purposes not contradicting their functional purposes, for placing of small shops, booking offices, telephones, attractions, parking lots and other facilities, which can be transferred without any substantial damage to their economic purpose.

3. Construction of capital buildings and facilities, on land areas for common use, is allowed, if it is done in accordance with the purposes of this land and on the basis of approved urban development documentation.

### Article . Land for external transportation, communication, public works.

1. Land for external transportation, communication, public works consists of land

occupied by facilities of railroad, auto-, air- and pipe transportation (aren't there any other types of transportation in the Republic of Armenia?), main roads, as well as communication, radio, TV, information systems and space communication facilities.

2. Areas of land plots, allotted for the above-mentioned purposes, are determined in accordance with approved norms and planning documentation.

3. Placement of buildings and facilities on these plots, as well as any other improvement activities on them are fulfilled by the approval of City (town) Deputy Councils.

Note: This paragraph can be highlighted and related to all types of land or incorporated into the Construction Code.

Article . Land intended for the protection of nature, health care, recreation, and historical-cultural purposes.

1. Land intended for the protection of nature, health care, recreation, and historical-cultural purposes consists of:

-- land occupied by natural monuments, natural and dendrological, botanical, and national parks;

-- land plots having natural medicinal factors (mineral sources, medicinal mud, and so on), climatic and other conditions, which are favorable for preventive and treatment purposes;

-- land plots, intended and used for organized tourism;

-- land on which historical and cultural monuments, sightseeing places exist; and other land.

2. On such parcels any activities which contradict their purpose is prohibited[. On such parcels] construction is allowed only by decisions of the local councils.

3. The uses of the above-mentioned land is determined by the articles of this Law and by the legislation of the Republic of Armenia.

Article . Land occupied by forests

Land occupied by forests is land covered by forests and also not covered by forests but intended for the protection of the landscape, flora and fauna, the environment, as well as the improvement of the micro-climate, organization of citizens' rest [& leisure], prevention of erosion from wind and water, management of forest economy, and for other purposes.

The uses of the above-mentioned land is determined by the articles of this Law and by the legislation of the Republic of Armenia.

Article . Land occupied by water pools

Land occupied by water pools is land occupied with pools, marshes, hydro-technical and other water facilities, and also allotted for drains and water protection zones for all kinds

of water pools.

2. The above-mentioned land can be used for construction and utilization of facilities, providing for drinking, everyday, health care and other needs of citizens, and also water, agricultural, nature protection, industrial, fishing, energy, transportation and other State and public needs.

3. The uses of the above mentioned land is determined by the articles of this Law and by the legislation of the Republic of Armenia.

#### Article . Land for agricultural use

1. Land for agricultural use consists of arable land, grapevines, gardens, hay fields, pastures.

2. The uses.

#### Article . Land for special purposes

1. Land for special purposes consists of land, allotted for allocation and permanent operation of military forces, defense organizations, military-training organizations, institutions and organizations of military forces, frontier, internal, security? [question mark by the authors] and railroad forces.

2. The allotment and use of land for special purposes are determined by the Supreme Council of the Republic of Armenia in accordance with this law.

#### Article . Reserve land

1. Reserve land consists of unoccupied land, used as reserve for development of cities and towns.

2. Reserve land, before its use for urban development in accordance with approved documentation, cannot be allotted, transferred to private ownership, used and leased by legal and physical persons. Exceptions to these are cases of allotting this land for temporary use for allocation of facilities and buildings which can be transferred without any significant damage to their economic purposes.

3. The above mentioned land can be allotted also for temporary use for agricultural and other works, without the right to develop it.

#### Article . Land requiring special engineering works

Land requiring special engineering works consists of land in ravines, steep slopes, flood-lands, carriers, stone quarries, and other land damaged because of natural phenomenon and human activities.

#### Article . Other land

Other land is land occupied by bushes, peatbogs, and other land not included into the types of land described in this chapter.

Note: The last two articles can be combined under the name "Other land".

Article . Use of the space above and below [the surface of the] land [parcel]

Space above and below [the surface of the] land [parcel] within the boundaries of the cities (towns) are under authority of the local deputy councils, except for the following:

1. The parts of the space above and below the land [surface] to which, according to the zoning conditions or development agreements, other persons (?) have a right to develop.
2. The parts of the space above land used for aircraft flights and other activities connected with use of air space, which accord with the legislation of the Republic of Armenia about the use of air space.
3. The parts of the space below the land [surface], allotted to other persons (?) for geological survey of the soil contents, mining, and for other purposes which accord with the legislation of the Republic of Armenia.

Note: This article can be included into the chapter about urban land use.

Article . City (town) boundaries

1. City and town boundaries are their external boundaries which separate the city (town) from other categories of land.
2. City (town) boundaries are determined and changed by the method approved by the Council of Ministers of the Republic of Armenia on the basis of the city (town) boundaries plan, designed with the consideration of the regional plan of the Republic of Armenia, the regional plan, city (town) Master Plan, other current urban development and land-use documentation.
3. Inclusion of plots into the city boundaries does not cause termination of land ownership rights as well as land use and lease rights.

Article . Use of land plots for land surveying

1. Use of land plots for land surveying is done in accordance with the prescriptions of the Land Code of the Republic of Armenia.
2. Permission to conduct the above mentioned activities is given by the city (town) deputy Councils.

Note: Article 49 of the Land Code of the Republic of Armenia requires some corrections in the part concerning the granting of permissions:

- The Council of Ministers of the Republic of Armenia is not able to grant permissions for accomplishment of land surveying works, the number of which can be up to several thousands a year in the Republic, skipping the local land-surveying agencies and architectural organizations;
- The method of conducting activities on land owned privately by citizens and organizations should be determined. The private owner can refuse to allow any activities [on the parcel of land] even after the decision of the Council of Ministers because the contract is concluded with the land owner.

(This article is included into the appropriate chapter of the Law).

## Chapter . The State Territorial Cadastre of Cities and Towns

### Article . Contents and purpose of the State territorial cadastre of cities and towns

1. The State territorial cadastre of cities and towns contains information about real estate in developed urban areas. Among such information is:

- the city (town) land with determined boundaries, ownership rights and the urban development value;
- buildings on and under the land, used for the purposes of urban development, including unfinished structures, public works and transportation facilities, improvement and planting of trees on the area; and
- ecological, engineering-geological, and hydrological conditions of the area.

The State territorial cadastre includes reliable data and documents about the legal condition, quantity, quality, and assessment of the object of urban development activities, conditions, and methods of its utilization.

2. The State territorial cadastre includes necessary information about the public works and transportation facilities in areas between cities and towns, which satisfy social, industrial-economic, employment and other needs of the population, and also includes information about the environmental conditions in these areas.

Note: It is necessary to accurately determine the zones of influence of cities. It may be possible to confine ourselves to the zones around the cities.

3. Administration of the State territorial cadastre is provided by: -- topographical land surveying;

- engineering-geological and hydrological as well as geophysical research;
- other studies and investigations;
- registration of land owners and land users;
- inventorization and assessment of the real estate taking into account the urban planning documents.

4. The State territorial cadastre of cities and towns is a component of the State

# THE LAW OF THE REPUBLIC OF ARMENIA "ON LOCAL SELF-GOVERNMENT"

## CHAPTER 1. GENERAL PROVISIONS

### **Article 1. The Definition of Local Self-Government**

Local self-government is a system of organizing of citizens's activities to independently and directly or through their elective bodies resolve all the local matters and issues complying with the population's interests, administrative-territorial, as well as other specific features and on the basis of the Constitution of the Republic of Armenia, this Law and other legislative acts.

### **Article 2. The System of Local Self-Government**

1. Local self-government shall be executed by the population:
  - through the local representative bodies of State power, such as local councils of deputies and general meetings of communities;
  - through the local administrative bodies, such as local administrations; and
  - through local referendums and other forms of democracy.
2. Local self-government shall be executed within the administrative boundaries of districts, cities/towns, city districts, urbanized settlements, and villages.

### **Article 3. The Principles of Activity [Operation] of Local Self-Government Bodies**

The following shall be the principles of local self-government:

1. free expression of the will of the population through local referendums, local councils of deputies, conferences and meetings of the population, as well as other forms of direct democracy;
2. provision of lawfulness and rule of law;
3. redistribution of certain authorities, which the local bodies of State Power are empowered with by law, among those bodies, upon their mutual agreement;
4. economic and financial independence of the local bodies of State power, and their responsibility on front of the population for the resolution of local matters and issues;
5. protection of the rights and lawful interests of citizens;
6. promotion of free business and entrepreneurship;
7. provision of participation of employee collectives, public-political organizations, and other public associations of citizens in the resolution process of socio-economic problems of the given area;
8. combination of local and national interests; and
9. publicity and consideration of the public opinion.

### **Article 4. The Principles for Determining the Jurisdiction of Local Self-Government Bodies**

1. Local councils and the appropriate administrative bodies shall be empowered by this Law with their own jurisdiction. Their jurisdiction cannot be changed otherwise, except by law.
2. Councils can transfer, on a contractual basis, part of their jurisdiction to other councils.
3. Local self-government bodies shall not be entitled to accept by their own for consideration issues related to the jurisdiction of bodies of State power and administration or other bodies of local self-government.
4. The bodies of State power and administration shall not be entitled to accept by their own for consideration issues related to the jurisdiction of local self-government bodies, except in cases provided by law.

#### **Article 5. Local Self-Government Bodies shall be Legal Entities**

1. Local councils and local administrations shall be legal entities.
2. A regional body of public self-government may obtain, under a decision of the appropriate local council, the status of a legal entity.

#### **Article 6. Participation of the Bodies of State Power and Administration in Resolving the Problems of Self-Government**

The bodies of State power and administration shall be obliged to support the development of the system of self-government. For that purpose they shall:

1. take measures to balance the budgets of the districts and cities/towns;
2. distribute and supervise the financial resources allocated for implementation of national programs, projects, and other measures;
3. consider and resolve administrative-territorial cases anticipated by law;
4. provide organizational, methodical, and other assistance to local councils; and
5. perform authorities empowered with by contract, as well as transfer by contract part of their authorities to local self-government bodies.

### **CHAPTER 2. STRUCTURE OF LOCAL COUNCILS AND PRINCIPLES OF ORGANIZING THEIR ACTIVITIES**

#### **Article 7. Local Representative Bodies of State Power in Districts, Cities/Towns, City Districts, Urbanized Settlements, and Villages**

The appropriate councils of deputies shall be the local representative bodies of State power in districts, cities/towns, city districts, urbanized settlements, and villages.

#### **Article 8. Election of Local Councils**

1. District, city/town, city district, settlement, and village councils of deputies shall be elected by the citizens residing within the territory of a given council, through universal, equal and direct suffrage by secret ballot, for a term of 5 years.
2. The regulation for holding elections of councils and the number of deputies to those councils

shall be established by legislation of the Republic of Armenia.

#### **Article 9. Council Session**

1. The main form of activity of a local council shall be session, wherein issues assigned by the legislation of the Republic of Armenia to the jurisdiction of the above mentioned council shall be considered and resolved.
2. A session of a council shall be competent to act, if more than half of the total number of deputies of that council are present.
3. In the event less than half of the total number of deputies are present in [at] the session, the session shall be adjourned by decision of the Presidium of the given council, or, if no quorum is available at the Presidium, by the Chairperson of that council. In this event every deputy shall be notified in writing that the upcoming session shall be deemed competent to act and decisions shall be adopted by the majority of the votes of the registered deputies, if the deputies fail again to constitute the required quorum or any group of deputies refuse, after registration, to take part in the work of the session. This rule shall not apply to those issues, decisions on which can be made as established by legislation, only by the simple or qualified majority of the total number of deputies. Such decision shall become effective no earlier than 15 days after their adoption.

#### **Article 10. Convening of a Session**

1. Initial session of a newly elected council shall be convened by the Presidium of the previous council no later than within a one month period after the two-third of deputies are elected to the council.  
*REMARK:* Initial session of a newly created council shall be convened within the above mentioned terms by the Presidium of the council, which has made the decision to create that council.
2. Sessions shall be convened by the Presidium of a council.  
Sessions of a council shall be convened at least twice a year, but no less than once in six months.
3. Sessions of urbanized settlement and village councils shall be convened by the Chairmen of those councils once a month.
4. Extraordinary sessions shall be convened by the initiative of the one-third of the total number of deputies, as well as the Presidium of a council and the head of a Local Administration. Issues, for consideration of which a session is to be convened, shall be identified when calling for the session.  
The Presidium of a council and the Chairmen of village councils shall be obligated to convene the requested extraordinary session within one week, if the request for convening of such a session does not establish a later deadline.
5. No later than five days prior to the beginning of a session, the Presidium shall inform the deputies and the population about the time and place of the session, as well the issues proposed for consideration.
6. Issues proposed for consideration, as well as permanent commissions which have prepared those issues must be indicated in the decision of the Presidium of a council on convening of a session. Documents and materials regarding the proposed issues shall be forwarded to

the deputies no later than seven prior to the beginning of a session.

#### **Article 11. Conducting of a Session**

1. The initial session of a newly elected council shall be opened and, unless the Chairman of that council is elected, shall be conducted by the Chairman of the appropriate regional electoral commission or the representative of the appropriate superior council. Anybody from among the deputies may be elected to temporarily preside over the session, if necessary.

The council shall elect in its initial session Secretariat, Accounting and Mandate Commission (in case of violation of the legislation regarding elections, the council shall declare the elections in the electoral areas where violations have occurred as invalid upon the introduction by the Accounting and Mandate Commission), Chairman of the council, Deputy Chairman of the council, Secretary, Permanent Commissions of the council, and Chairmen of those Commissions.

2. The positions of the Chairmen, Deputy Chairman and Secretary of a council may be held on a paid basis, if the council decides so.
3. The sessions of a council shall be conducted through general meetings of the council, meetings of the Presidium, Permanent Commissions, as well as meetings of deputy groups and groups of political parties held in compliance with the agenda of the session.

Duration terms of a session shall be established by the councils.

#### **Article 12. Formation of a Session's Agenda**

1. The agenda of a session shall be suggested by the deputies, permanent and other commissions, groups of deputies and other groups, as well as the local Administration, and shall be approved by the simple majority of deputies who have participated in voting, upon introduction by the Presidium of the council.

In the event the number of votes cast in favor of any issue of the agenda is less than required, that issue shall be included in the mandatory agenda, provided the one-third of the total number of deputies of the council vote for a second ballot on the above mentioned issue to be held upon by the request of deputies.

2. Proposals by the head of local administration regarding the working out and approval of development plans and programs of the region, changes of the status of the property of the administrative-territorial entity (municipal property), financial resources, receiving and use of loans, improvement of public order, maintenance of the citizens' rights and freedoms, as well as the proposals by the public prosecutor's agencies regarding illegal actions of the local self-government bodies shall be included in the agenda of a session without voting.
3. Additional suggestions concerning the agenda of a session may be submitted by the deputies individually, as well as by the Permanent Commissions, a deputy or partisan groups. Such suggestions may be submitted, provided written materials and a draft-decision regarding the subject suggestion are available.
4. Formation issues of the agenda of a session shall be regulated by the Regulation of a local council, which shall be adopted by a given council in its initial session.

#### **Article 13. Publicity of Sessions**

1. Sessions of a council shall be held publicly and shall have an open character. Councils shall be authorized to held closed meetings.
2. The Head of Local Administration, deputies elected from the given area to superior council, representatives of a superior council and superior executive body, as well as representatives of prosecutor's officer shall be entitled to participate in any meeting including closed meetings.
3. The deputies to a superior council shall be entitled to participate in open meetings. The procedure for participation of deputies to other councils in the work of a session shall be established by the Law on the Status of Deputies.
4. Representatives of Local Administration, mass media, employees' collectives, public and public-political organizations, as well as private citizens shall be entitled to participate in sessions, according to the Regulation of a given council.
5. To make a speech or give information, participants shall be given voices by the Chairman of a council, in accordance with the Regulation of that council. The Head of Local Administration, as well as the representatives of a superior council and superior executive body shall be given voices without any voting.
6. No later than within seven days the population shall be informed of the work of a session and the decisions adopted therein.

#### **Article 14. Issues to be Resolved Exclusively in Sessions**

The following issues shall be resolved exclusively in sessions:

1. cessation of the authorities of deputies prior to deadlines in cases anticipated by law;
2. protection of the rights of deputies, deprivation of deputy's inviolability, and imposition, in a manner established by law, of responsibility for non-compliance with deputy's obligations;
3. election and removal of the Chairman, Deputy Chairman and Secretary, as well as hearings of their reports;
4. formation, election and dissolution of permanent and other commissions, and other bodies of a council, as well as alteration of their staff and hearings of their reports;
5. hearings of deputy's inquiries and adoption of decisions relating to those inquiries;
6. approval of the apparatus structure of a council and positions available, as well as the expenditure budget of the council and its apparatus;
7. approval of socio-economic and natural preservation programs and plans for the area, as well as local budgets and reports on their implementation;
8. establishment of the number of personnel for local police subdivisions maintained at the expense of local budget;
9. declaration of distrust towards the Head and officials of local Administration and hearings of their reports;
10. adoption and alteration of a council's regulation;
11. approval of the structure and maintenance expenses of local administration;
- . termination of acts issued by local administration in conflict with the decisions of a council and acting legislation;
- . appointment of local referendums;
- . delegation of powers assigned thereto by law to other self-government bodies;
- . foundation of own media means;

- . establishment of administrative fines in accordance with legislation;
- . establishment of additional allowances for residents of the subject area and regulations for assignment of such allowances, the latter to be paid from own resources;
- . reversal of an appeal brought by the Head of Local Administration regarding a decision of the council;
- . termination of previous decisions of the council;
- . other issues assigned by legislation to the exclusive jurisdiction of sessions.

#### **Article 15. Decisions of the Council**

- . The council shall adopt decisions on issues under consideration. Decisions of the council shall be adopted during its sessions by open voting (including anvanakan) or serial ballot.
- . Decisions of the council regarding: election and removal of the Chairman, Deputy Chairman and Secretary of the council; declaration of distrust towards the Chairmen of permanent and other commissions of the council, as well as towards the heads of structural subdivisions of Local Administration; appointment of local referendums to be held on the subject territory; adoption and alteration of the Regulation of the council; deprivation of deputy's inviolability; nullification of previous decisions of the council and reversal of the appeal brought by the Head of local administration shall be deemed adopted, provided the simple majority of the total number of deputies vote for the above decisions.
- . Decisions of the council regarding the issues listed in Article 14 of this Law and missing in Item 2 of this Article shall be deemed adopted, provided the simple majority of deputies present, but no less than one-third of the total number of deputies to the given council vote for those decisions.
- . A decision of the council on holding a anvanakan voting shall be deemed adopted, provided no less than one-fifth of the total number of deputies vote for such a decision.
- . Decisions of the council regarding other issues missing in Items 2-4 of this Article and not regulated by other Articles of this Law shall be deemed adopted, provided the simple majority of deputies present vote for the above mentioned decisions.
- . Decisions of the council must be delivered to the executors no later than within seven days.
- . Should any decision of the council conflict with the legislation of the Republic of Armenia, it may be terminated by a court judgment.

#### **Article 16. Mandatory Attendance of Officials at a Session of the Council**

The heads or other officials of institutions, enterprises and organizations located in a given region shall be obligated to attend, upon a request of a session or person presiding over it, the session to answer the questions of deputies and to give information regarding issues assigned to the jurisdiction of the council.

#### **Article 17. Minutes of a Council Session**

During a session, there shall be kept minutes of meetings. Minutes shall be signed by the Chairman and the Secretary of a given council.

#### **Article 18. Presidium of a Council**

- . The Presidium of a council shall be a permanently acting body if district, city/town, city-district councils and shall include the Chairman of the given council, Deputy-Chairman, Secretary, Chairman of permanent commissions, leaders of deputies' groups and partisan groups. The Presidium shall be empowered to act unless the first session of the newly elected council. The Chairman of the council shall administer the activities of the Presidium of the council. The Presidium of the council shall be accountable both to the council and the Presidium of the superior council. Meetings of the Presidium shall be called by the Chairman of the council as necessary, but no less than twice a month. A meeting of the Presidium may be called, also, upon the request of one-third of the members of the Presidium.
- . The Presidium of a council shall be authorized to decide on all issues, assigned to the jurisdiction of the council, except those, which, according to Article 14 of this Law, must be resolved only at the session of the council.
- . The Presidium of a council shall convene the sessions of the council, perform all the preparatory activities for that purpose, and organize preliminary discussions of draft-decisions of the council on the most important issues at meetings of labor collectives and meetings of population to be held within certain neighborhoods.
- . The Presidium of a council shall coordinate the work of permanent and other commissions of the council, and consider the proposals submitted by those commissions.
- . The Presidium of a council shall: support the deputies to perform their authorities, organize and hold their reports to the electors, as well as to the labor collectives and public organizations; inform the deputies about the activities of the council and its bodies, implementation of the economic and social development programs of the subject region, measures taken in respect to the suggestions and comments of deputies; and provide assistance to the deputies in studies of legislation and experience of councils.
- . The Presidium of a council shall decide upon the issue of appointment of new elections in subject electoral circuits in case of cessation, prior to the due date, of authorities of deputies.
- . The Presidium of a council shall appeal to a court of law or arbitration on behalf of the council.

#### **Article 19. Chairman of a Council**

- . The Chairman of a council shall be elected at its session from among the deputies, by secret ballot, for a term equal to that of the council, and shall perform his/her duties unless the Chairman of the newly elected council is elected.
- . The Chairman of a council shall be accountable to the council and can, at any time, be removed from his/her office during a session, by secret ballot. The manner of submitting suggestions on election or removal of a Chairman of a council shall be established by the Regulation of the council.
- . A written application of the Chairman of a council on voluntary resignation shall be approved, if the simple majority of the total number of deputies have cast their votes for such approval.
  - In case of denial of resignation of the Chairman of a council, he/she shall be entitled to resign without any voting two months after the submission of the initial application.
- . The Chairman of a council shall:

- ) represent the council in relationships with the population, labor collectives, public and public-political organizations, institutions, and enterprises;
- ) supervise the activities for preparation of sessions of the council and issues to be submitted to the sessions for coordination;
- ) supervise the activities of the Presidium of the council;
- ) conduct sessions of the council and control, in accordance with the Regulation, the internal order of the council;
- ) report to the council regarding the situation with the subject region;
- ) together with the Secretary, sign the decisions of the council, the minutes of sessions, and other documents issued by the council, as well as the decisions of the Presidium of the council;
- ) supervise the activities of the council apparatus;
- ) resolve other issues, which he/she may be charged with by the council, the Presidium of the council, or which may be assigned to him/her by legislation;
- ) open and close current accounts of the council in banks and be the manager of those accounts.

#### **Article 20. Deputy-Chairman of a Council**

- . City/Town and District councils can decide to establish an office of Deputy-Chairman of a council who will be empowered with authorities as determined by the Regulation of the given council.
- . The Deputy-Chairman of a council shall perform duties and functions established by the Regulation, execute the orders of the Presidium of Chairman of the council, and perform the authorities of the Chairman in case of his/her absence or impossibility for him/her to conduct the Office.
- . The Deputy-Chairman of a council shall be elected at the session from among the deputies by secret ballot, for a term equal to that of the authorities of the council.
- . The Deputy-Chairman of a council shall be accountable to the council and can, at any time, be removed from office during a session, by secret ballot.  
The manner of submitting suggestions on election and removal of a Deputy-Chairman shall be established by the Regulation of the council.
- . A written application of the Deputy-Chairman of a council on voluntary resignation shall be approved, if the simple majority of the total number of deputies have cast their votes for such approval.  
In case of denial of resignation of the Deputy-Chairman of a council, he/she shall be entitled to resign without any voting two months after the submission of the initial application.

#### **Article 21. Secretary of a Council**

- . The Secretary of a council shall perform duties and functions as established by the Regulation, execute the orders of the Presidium and Chairman of the council, and. In the event no office of Deputy-Chairman is established at the given council, perform the authorities of the Chairman of the council when he is absent or it is impossible for him/her to conduct his/her Office.

The Secretary of a council shall be responsible for keeping the documentation and minutes of the council.

The Secretary of a council shall be elected at the session from among the deputies by secret ballot, for a term equal to that of the authorities of the council.

The Secretary of a council shall be accountable to the council and can, at any time, be removed from office during a session, by secret ballot.

The manner of submitting suggestions on election and removal of a Secretary shall be established by the Regulation of the council.

A written application of the Secretary of a council on voluntary resignation shall be approved, if the simple majority of the total number of deputies have cast their votes for such approval.

In case of denial of resignation of the Secretary of a council, he/she shall be entitled to resign without any voting two months after the submission of the initial application.

## Article 22. Commissions of a Council

A local council shall elect permanent commissions from among the deputies for a term of its own authorities to provide preliminary studies and preparation of issues assigned to the jurisdiction of the given council, as to assist the local administration in implementation of objectives assigned to its jurisdiction, the council's decisions and decrees of government bodies, as well as to control the local administration. Non-deputy experts in relevant fields holding the right to deliberative voice shall, also, be approved by the appropriate council among the staff of commissions, such approval to be made upon representation by those commissions.

Activities of permanent commissions shall be organized by the Chairmen of those commissions, who will be elected at the initial session of a newly formed council from among the deputies and in the manner established by law. The Chairmen of permanent commissions shall perform their authorities in parallel with their main job. The amount of their compensation and work regime shall be established by the council, in accordance with its Regulation.

The permanent commissions of a council shall:

- participate in drafting of economic and social development plans and programs, the budget, and council decisions on other issues, as well as make comments and recommendations on those drafts;
- prepare, under the order of the council or its Presidium, or by their own initiative, various reports on issues related to their field of activity, as well as prepare, upon the request of the local administration, comments and recommendations on its draft decisions;
- control, within the jurisdiction of the council, the local administration, enterprises, institutions, organizations, and public associations for their compliance with the acting legislation and supervise over the implementation of the council decisions by those entities, irrespective of their subordination and form of ownership; and
- execute the orders of the council, its Presidium and Chairperson.
- present to the council or its Presidium suggestions to submit the most important issues of local significance for the public's consideration.

Governmental bodies, public associations, enterprises, institutions, and organizations,

irrespective of their subordination and form of ownership, as well as officials shall be obligated to submit, upon the request of the permanent commissions and within the jurisdiction of the council, necessary documents, written conclusions, and other materials.

#### **Article 23. Public Hearings at Permanent Commissions**

Any permanent commission can, by its own initiative or upon the decision of the given council, hold public hearings concerning the issues assigned to its jurisdiction and being of public interest.

Public hearings at the permanent commissions shall be governed by the Regulation of the appropriate council.

#### **Article 24. Other Bodies of a Council**

Apart from the Presidium and permanent commissions, a council can create other bodies from among the deputies to facilitate the better organization of its work and to better exercise its certain powers. The manner of formation, activity terms, and powers of those bodies shall be established by the Regulation of the council.

#### **Article 25. Deputies' Unions**

At any council, there can be created permanent or temporary groups of deputies or/and partisan groups, as well as deputies' unions of other kinds. The manner of formation, powers, and rules of registration of deputies' unions shall be established by the Regulation of the council.

#### **Article 26. Council Apparatus**

Any council shall be entitled to form an apparatus charging it with the responsibility of organizational and legal provision of the council's activities, preparation of necessary materials and documents for the Presidium, permanent commissions, and deputies. The structure and operation procedures of the apparatus shall be established by the Regulation of the council.

### **CHAPTER 3. STRUCTURE OF LOCAL ADMINISTRATION AND PRINCIPLES OF ITS OPERATION [ACTIVITY]**

#### **Article 27. Local Administration**

Local administration is a local governing body in villages, urbanized settlements, cities, and districts, and

*Draft*

**THE CONSTITUTION  
OF  
THE REPUBLIC OF ARMENIA  
(Extract)**

**Chapter 7  
Territorial Government and Local Self-Government**

**Article 108.** Counties [provinces] and communes shall be the administrative-territorial entities of the Republic of Armenia.

Counties shall consist of communes, i.e., cities and villages.

**Article 109.** Counties shall be subject to State government.

Provided the introduction by the Prime-Minister, the President of the Republic shall appoint and may remove governors of the counties, who shall administer the territorial policy of the Government and coordinate the activities of the territorial agencies of the national executive bodies.

**Article 110.** Communes shall be subject to local self-government.

Bodies of local self-government, namely Commune Council composed of five to fifteen members and commune leader, namely city or village mayor, shall be elected for a term of three years to provide for the disposition of the commune property, the organization of preservation of law and public order, the resolution of other issues at the commune level.

The commune leader shall form the administrative personnel of his/her Office.

**Article 111.** Provided the proposal by the commune leader, the Commune Council shall approve the budget of the commune, supervise the implementation of the budget, and impose local taxes and duties in a manner established by law.

**Article 112.** Provided the introduction by the governor, the Government shall have power to remove the commune leader.

In cases of removal of the commune leader extraordinary elections shall be appointed. The Government shall appoint an acting commune leader unless the newly elected commune leader enters on the execution of his/her Office.

**Article 113.** The city of Yerevan shall have the status of a county.

Local self-government in the city of Yerevan shall be exercised in quarter communes.

**Article 114.** Election procedures of the local self-governmental bodies as well as their

jurisdiction shall be established by the Constitution and laws.

**ENGLISH TRANSLATION BY :**

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ICMA PRINTING DATE: August 22, 1994

**Draft**

**Council of Ministers of the Republic of Armenia  
DECREE**

**"Concerning the Confirmation of Temporary, Average, and Starting Prices  
for Land in the Cities, Counties, and Regional Centers of the Republic of  
Armenia"**

In accordance with point # 9g of the "Land Code of Republic of Armenia". The Council of Ministers of RA decrees:

1. To confirm the following temporary average starting prices for land in the cities, counties and regional centers of the Republic of Armenia.
2. Temporary average starting prices for land are used before the cadastral evaluation of lands of the settlements established:
  - a) by the alienation of land plots in the cities, counties and regional centers reserved as property for citizens to construct and serve as homes;
  - b) by selling to citizens land plots as property in the cities, counties and regional centers for the construction of homes;
  - c) by the determination of tax rates for the sale the transfer by inheritance, and the presentation of land plots which are the property of citizens in the cities, counties and regional centers.
3. To have the ability to appeal to the State Architectural Department for a reconsideration of the average starting prices for land when the inflation processes and the year's total sales receipts are taken into account.

**ENGLISH TRANSLATION BY :**

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President of the Republic of Armenia

To the Supreme Council of the  
Republic of Armenia

I hereby submit the Republic of Armenia's draft law "On Foreign Investments" to the Supreme Council of the Republic of Armenia for consideration.

Please, find enclosed the draft, comprising 19 pages.

L. Ter-Petrossian  
09.08.1993

**ENGLISH TRANSLATION BY :**

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ICMA PRINTING DATE:  
September 8, 1994

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## **THE LAW OF THE REPUBLIC OF ARMENIA “ON FOREIGN INVESTMENTS”**

This law, along with other legislative acts of the Republic of Armenia, shall establish the legal, economic, and organizational basis for the implementation of foreign investments and shall be directed at the provision of equal protection of the rights, interests, and property of the subjects (irrespective of the form of ownership) of investing activities, as well as at the creation of necessary conditions to attract foreign material and financial resources to the territory of the Republic of Armenia and for the investment and effective use of foreign advanced technologies, management and organizing experience, and other capabilities.

### **SECTION 1. GENERAL PROVISIONS**

#### ***Article 1. Definitions***

“Foreign investor” shall mean any foreign legal entity, foreign organization, foreign state, foreign physical person (foreign citizens, as well as stateless persons permanently residing out of the territory of the Republic of Armenia), as well as any international organization, who/which engages in investment in the Republic of Armenia.

“Foreign investment” shall mean any type of property, including monetary resources and intellectual values, which is being directly invested by a foreign investor in commercial and other activities implemented in the territory of the Republic of Armenia to gain profit (revenue) or to achieve any other beneficial result.

“Enterprise with foreign investment” shall mean an enterprise of any organizational-legal type created in compliance with the legislation of the Republic of Armenia, the founder of which or a participant in which is a foreign investor, provided the latter owns no less than thirty percent of the authorized capital of the given enterprise.

#### ***Article 2. Legal Regulation of Foreign Investments***

Relationships arising from foreign investment in the Republic of Armenia shall be regulated by this law, as well as by other legislation of the Republic of Armenia and international treaties.

Should international treaties of the Republic of Armenia establish rules which differ from

the ones in this law, the rules of the international treaties shall apply.

### ***Article 3. Forms of Foreign Investments***

Foreign investors shall be entitled to investment in the territory of the Republic of Armenia by means of:

- a) foreign currency; other currency values, and the official currency of the Republic of Armenia;
- b) movable and immovable property (structures, buildings, equipment, and other material values) and any property right related to that property;
- c) stocks, bonds, other securities as established by legislation of the Republic of Armenia, or any other investment in the given enterprise;
- d) a right to claim money or the performance of contractual obligations wherein monetary claims and any other value are involved;
- e) any valuable right to intellectual property, including copyright, patent rights, trademark rights, brand name rights, rights to service marks, rights to firm names, rights to industrial samples, know-how, etc.;
- f) a right, conferred by the legislation of the Republic of Armenia or by contract, to engage in economic activities, including the right to explore, develop, or exploit natural resources;
- g) paid services;
- h) other types of investments not prohibited by legislation of the Republic of Armenia.

Implementation of the established forms of foreign investments may be prohibited or limited only in a manner provided by legislation of the Republic of Armenia.

### ***Article 4. Methods of Implementing Foreign Investments***

Foreign investors shall be entitled to implement investments through the following methods:

- a) creation of enterprises entirely owned by foreign investors, creation of branches, divisions and representative offices owned by foreign legal entities, and the takeover of ownership of going concerns;
- b) foundation of joint ventures with legal entities, physical persons and unincorporated enterprises of the Republic of Armenia, as well as acquisition of shares in going concerns;
- c) acquisition, within the limits defined by legislation of the Republic of Armenia, of movable and immovable property, stocks, bonds, and other securities as established by legislation of the Republic of Armenia;
- d) attainment of the right to use land independently or with the participation of legal entities, physical persons, and unincorporated enterprises of the Republic of Armenia, as well as procurement of concessions to use natural resources in the territory of the Republic of Armenia;
- e) acquisition of other property rights;

- f) other methods not prohibited by legislation of the Republic of Armenia, particularly the conclusion of contracts with legal entities, physical persons and unincorporated enterprises of the Republic of Armenia: -

Implementation of foreign investments through the established methods may be prohibited or limited only in a manner provided by legislation of the Republic of Armenia.

***Article 5. Appraisal of Foreign Investments***

Foreign investments, including payments to the authorized capital of enterprises with foreign investment, shall be appraised according to the foreign investor's choice, in freely convertible foreign currency or the official currency circulating in the territory of the Republic of Armenia. Foreign currency shall be converted into the official currency circulating in the territory of the Republic of Armenia at the exchange rate determined by mutual agreement of the parties (participants), but no higher than the current exchange rate at the given moment, which shall be established by the Central Bank of the Republic of Armenia.

**SECTION 2.  
CREATION OF  
ENTERPRISES WITH FOREIGN INVESTMENT**

***Article 6. Regulation of the Creation of Enterprises with Foreign Investment***

An enterprise with foreign investment may be created through foundation thereof, as well as through acquisition by a foreign investor of shares (stocks) in an enterprise without foreign investments established in the past, or acquisition of such an enterprise, in a manner established by legislation of the Republic of Armenia.

***Article 7. Foundation of an Enterprise with Foreign Investment***

Enterprises with foreign investment, their divisions, branches, representative offices and economic associations of enterprises, shall be established and registered in a manner established by the Law of the Republic of Armenia "On Enterprises and Commercial Activities" and other legislation of the Republic of Armenia.

**SECTION 3.**  
**STATE GUARANTEES CONCERNING THE PROTECTION**  
**OF FOREIGN INVESTMENTS**

***Article 8. Legal Status of Foreign Investment***

Foreign investments and the methods of their implementation in the territory of the Republic of Armenia shall be governed by a national investment and economic activities regime, with the exceptions stipulated by this law, other laws, and international treaties of the Republic of Armenia.

Social and economic development programs of the Republic of Armenia may establish additional privileges for foreign investments to encourage the implementation thereof.

Those areas of the Republic of Armenia, wherein the activities of foreign investors and enterprises with foreign investment are limited or prohibited due to the requirements of national security, shall be defined by legislation of the Republic of Armenia.

***Article 9. Guarantees in the Event of Amendments to the Legislation of the Republic of Armenia***

In the event of amendments to the foreign investment legislation of the Republic of Armenia, the legislation which was effective at the moment of implementation of investments shall be applied upon the request of a foreign investor.

***Article 10. Guarantees against Confiscation and Illegal Actions by Government Bodies and their Officials***

Foreign investments in the Republic of Armenia shall not be subject to nationalization. Government bodies cannot confiscate foreign investments.

In the event of illegal actions by a foreign investor, the property of that foreign investor may be confiscated through a court order.

Decisions regarding the confiscation of foreign investments, as well as the terms of compensation, may be appealed to a court of law in accordance with the legislation of the Republic of Armenia.

***Article 11. Compensation for Damages Caused to Foreign Investors***

Foreign investors shall be entitled to compensation, through a court order, for damages caused to them as a result of illegal actions by Government bodies or their officials. The amount of damages shall be determined upon current market prices or on the basis of appraisal by independent auditors.

Compensation granted to foreign investors shall be made at the expense of the State budget or other sources, in a manner established by the Government of the Republic of Armenia.

***Article 12. Guarantees Operative upon the Cessation of Investment Activities***

Should investment activities cease, a foreign investor shall be entitled to recover his/her own investments, as well as the profit (revenue) or other beneficial outcomes generated by those investments, in kind or in monetary terms in the amount equal to the real market value at the moment of cessation of investment activities, within a time-limit established by legislation of the Republic of Armenia.

***Article 13. Guarantees Regarding the Export of Property, Profits (Revenues) and Other Means Related to Foreign Investments***

Foreign investors and foreign employees shall be entitled to and shall have the benefit of guarantees to freely export their property, profits (revenue), and other means legally gained as a result of investments or as a payment for labor.

Currency, payment documents, securities gained in relation to foreign investments, as well as received as payment for labor, shall be transferred across the State borders of the Republic of Armenia in compliance with regulations established by legislation of the Republic of Armenia.

***Article 14. Disposal of a Foreign Investor's Profits (Revenue) and Other Means***

A foreign investor's profits (revenue), after paying the taxes and other fees established by legislation of the Republic of Armenia, shall remain under his/her disposal and may be reinvested in the territory of the Republic of Armenia.

Foreign investors shall be entitled to open in the banks of the Republic of Armenia current and other accounts authorized by legislation of the Republic of Armenia, in accordance with legislation of the Republic of Armenia on banks, banking, and currency regulation.

Foreign investors shall be entitled to use their legally obtained means to acquire foreign currency on the domestic financial market or commodities on the domestic market of the Republic of Armenia, in a manner established by legislation of the Republic of Armenia.

**SECTION 4.**  
**CONDITIONS OF ACTIVITIES OF**  
**FOREIGN INVESTORS AND ENTERPRISES WITH FOREIGN**  
**INVESTMENT**

***Article 15. Fields of Activities of Enterprises with Foreign Investment***

Enterprises with foreign investment may conduct any economic activity which complies with the goals and objectives stated in its charter and which is not prohibited by legislation of the Republic of Armenia.

Certain economic activities, as defined by legislation of the Republic of Armenia, may be conducted by enterprises with foreign investment with only after obtaining a license in the established manner.

***Article 16. Conditions of Disposal of Products, Works and Services in the Republic of Armenia***

Enterprises with foreign investment shall be entitled to independently determine the disposal conditions of their products, works and services.

The quality of products, works and services produced by enterprises with foreign investment must comply with the standards established in the Republic of Armenia.

***Article 17. Customs Duties***

Property imported by a foreign investor into the Republic of Armenia as the authorized capital of a foreign investment enterprise, as well as the property (raw materials, semifinished production, supplementary items, spare parts, etc.) intended for use in the production process of such an enterprise, shall be exempted from customs duties.

Property imported into the Republic of Armenia on a contractual basis as a foreign investment shall be exempted from customs duties within the time-limits established by the corresponding contracts.

Property imported into the Republic of Armenia by foreign employees of enterprises with foreign investment and intended for their personal use shall be exempted from customs duties.

***Article 18. Exportation and Importation of Products, Works and Services***

Enterprises with foreign investment shall be entitled to export their own products, works and services and import products, works and services for their own needs without any license, with the exception of those cases defined by legislation of the Republic of Armenia and by international treaties. Regulations regarding the certification of exported products, works and

services as the private products of the above mentioned enterprises shall be established by legislation of the Republic of Armenia.

Products, works and services being imported for the needs of the above mentioned enterprises shall be recognized as such in a manner established by legislation of the Republic of Armenia and on the basis of the founding documents of the given enterprise.

The profits (revenues), including currency, gained by the above mentioned enterprises from exportation of their own products, works and services, after the payment of taxes established by legislation of the Republic of Armenia, remains at the disposal of those enterprises.

Exportation and importation of other products, works and services by enterprises with foreign investment shall be done on a basis generally established by legislation of the Republic of Armenia.

### ***Article 19. Currency Regulation***

All monetary expenditure (including the exportation of foreign investor's own profits (revenue) from the Republic of Armenia) related to the implementation, by enterprises with foreign investment, of different types of economic activities in the territory of the Republic of Armenia, must be provided at the expense of their own profits gained from the above mentioned activities, as well as from other sources of foreign currency not prohibited by legislation of the Republic of Armenia. Foreign currency transactions may be carried out by enterprises with foreign investment in a manner established by legislation of the Republic of Armenia.

### ***Article 20. Taxation***

Enterprises with foreign investment shall pay taxes and enjoy tax privileges in a manner established by legislation of the Republic of Armenia.

Tax payment supervision shall be implemented by the bodies and authorized organizations of the State Tax Inspectorate of the Republic of Armenia, in a manner established by legislation of the Republic of Armenia.

### ***Article 21. Accounting and Reports***

Enterprises with foreign investment shall conduct their accounting and reports in a manner established by legislation of the Republic of Armenia.

Provided that the requirements of the first paragraph of this Article are complied with, enterprises with foreign investment shall also be entitled to conduct their accounting and reports in accordance with the rules applying in the country of the foreign investor.

For the purpose of drawing up the balance sheet and inventory, an enterprise with foreign investment shall convert foreign currency into the official currency circulating in the territory of the Republic of Armenia at the exchange rate determined in accordance with Article 4 of this law and the currency legislation of the Republic of Armenia.

***Article 22. Acquisition by Foreign Investors of Shares, Stocks, Bonds, and Other Securities in Enterprises***

Foreign investors shall be entitled to acquire shares, stocks, bonds, and other securities in enterprises located in the territory of the Republic of Armenia. Foreign investors may acquire shares and bonds of enterprises: in the official currency circulating in the territory of the Republic of Armenia and received, in compliance with the legislation of the Republic of Armenia, as a profit (revenue) from sources located in the territory of the Republic of Armenia; and in foreign currency through other means not prohibited by legislation of the Republic of Armenia.

The acquisition by foreign investors of stocks and other securities at the stock exchanges shall be regulated by legislation of the Republic of Armenia on securities and stock exchanges.

***Article 23. Acquisition of Government Securities by Foreign Investors***

Foreign investors may acquire Government securities in a manner established by legislation of the Republic of Armenia.

***Article 24. Property Rights over Land and Other Natural Resources***

The acquisition by foreign investors of property rights over land and other natural resources shall be regulated by the relevant legislation of the Republic of Armenia.

***Article 25. Leasing of Property***

Property may be leased to foreign investors and enterprises with foreign investment on the basis of lease contracts, in a manner established by legislation of the Republic of Armenia.

***Article 26. Concession Contracts***

Foreign investors shall be entitled to exploit renewable and non-renewable natural resources on the basis of concession contracts signed by the foreign investor and the Government of the Republic of Armenia or authorized governmental body, in a manner established by the Republic of Armenia's legislation on concessions.

Concession contracts may contain exceptions from the legislation in force in the Republic of Armenia. In such cases they shall be subject to approval by the Supreme Council [i.e. the Parliament] of the Republic of Armenia.

**Article 27. Employment Relations**

Employment relations with the employees of enterprises with foreign investment, including the issues related to their employment and dismissal, working hours and leisure, salaries, guarantees, and compensations shall be regulated by collective as well as employment contracts, in a manner established by legislation of the Republic of Armenia.

The terms and conditions of collective and employment contracts may not provide conditions, for the employees of the above mentioned enterprises, inferior to the conditions established by legislation of the Republic of Armenia.

Foreign citizens also may be included in the personnel and administration of enterprises with foreign investment.

The Republic of Armenia's legislation shall apply to the employment relations with employees who do not have permanent residence in the Republic of Armenia, if the parties of an employment contract have not identified, when signing the contract or on the basis of any further agreement, any other State's legislation to regulate particular issues of employment relations. The parties' choice of law to regulate the employment relations shall be deemed certified, provided that the chosen governing law does not provide for inferior conditions of the employees, than as established by legislation of the Republic of Armenia. Foreign law shall not apply to those issues, to which the provisions of employment legislation of the Republic of Armenia are applicable.

Trade Unions in enterprises with foreign investment shall act in compliance with the legislation of the Republic of Armenia.

**Article 28. Social Insurance and Pensions of Employees of Enterprises with Foreign Investment**

Social insurance and pensions (except for pensions of foreign employees) of employees of enterprises with foreign investment shall be regulated by legislation of the Republic of Armenia. Payments related to pensions of foreign employees of enterprises with foreign investment shall be transferred to the countries of their permanent residence, in the currency and under the terms officially applying in those countries.

Enterprises with foreign investment shall allocate financial means for the purpose of State social insurance of foreign and local employees, as well as for creating funds for paying pensions to the local employees. This allocations shall be made at the rates established for such enterprises in the Republic of Armenia.

Allocations for the State social insurance of foreign employees of enterprises with foreign investment shall be made only in cases where the above mentioned employees wish to apply for the corresponding form of social insurance in the territory of the Republic of Armenia.

**Article 29. Intellectual Property Rights**

The exercise and protection of foreign investors' intellectual property rights shall be guaranteed in accordance with legislation of the Republic of Armenia.

**Article 30. Insurance of Property and Risks**

Enterprises with foreign investment may insure their property and risks at their discretion, unless otherwise stipulated by legislation of the Republic of Armenia.

**Article 31. Responsibility and Obligations of Foreign Investors**

Foreign investors shall bear responsibility for any violation of legislation of the Republic of Armenia, as defined by legislation of the Republic of Armenia.

Property of a foreign investment enterprise, including working capital and property rights may be used by the enterprise to guarantee any type of its obligations.

Mortgaged property or property rights may be disposed by the mortgagee in the official currency circulating in the territory of the Republic of Armenia or in foreign currency. The above mentioned property and property rights may be disposed through auctions to legal entities and physical persons of the Republic of Armenia, and in cases established by legislation of the Republic of Armenia also to foreign legal entities, physical persons, and their associations.

**SECTION 5.  
FINAL PROVISIONS****Article 32. Procedures for the Resolution of Disputes**

Disputes arising between foreign investors and the State in respect to the State regulation of foreign investments and activities of enterprises with foreign investment shall be considered by the courts of the Republic of Armenia, unless otherwise stipulated by international treaties of the Republic of Armenia.

Other disputes not stated in paragraph 1 of this Article shall be considered by the courts or arbitration courts of the Republic of Armenia, as well as mediation courts, including foreign mediation courts, should the parties have so agreed.

**Article 33. Liquidation of a Foreign Investment Enterprise**

Enterprises with foreign investment, their divisions, branches, and representative offices shall be liquidated in a manner and in the cases specified in their founding documents and by the legislation of the Republic of Armenia.

# THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

## DECISION

September 8, 1993 #451  
Yerevan

ON THE CONFIRMATION OF REGULATION REGARDING THE FEE PAYABLE FOR THE  
PROCESSING OF DOCUMENTS RELATED TO THE PRIVATIZATION OF THE REPUBLIC  
OF ARMENIA'S STATE- AND COMMUNITY-OWNED HOUSING FUND

The Government of the Republic of Armenia decrees:

To approve the regulations on the fee payable for the processing of documents related to the privatization of the Republic of Armenia's state- and community-owned housing fund.

THE PRIME MINISTER  
OF THE REPUBLIC OF ARMENIA

H.BAGRATIAN

THE GOVERNMENT  
AFFAIRS MANAGER  
OF THE REPUBLIC OF ARMENIA

A.KHACHATRIAN

Confirmed by Decision #451  
the Government of the  
Republic of Armenia  
September 8, 1993

## REGULATION

### ON THE CONFIRMATION OF THE FEE PAYABLE FOR THE PROCESSING OF DOCUMENTS RELATED TO THE PRIVATIZATION OF THE REPUBLIC OF ARMENIA'S STATE- AND COMMUNITY-OWNED HOUSING FUND

1. The June 23, 1993 Resolution of the Supreme Council of the Republic of Armenia "On the Implementation Regulations of the Law of The Republic Of Armenia 'On The Privatization Of The State-and Community-Owned Housing Stock'" (see Paragraph 5) established the fee payable for the processing of documents related to the privatization of the housing-stock to be equal to Republic of Armenia's minimum salary [as set by law].

2. After the Executive Committee of the Local Council issues the decision on the privatization of the apartment (house), before receiving the privatization certificate, citizens must pay to the local budget the established fee for the processing of the documents related to privatization. The payment of the specified fee should be confirmed by a corresponding receipt and can be made either in cash or by non-cash methods ([e.g.,] by money transfer, by check, etc.)

#### ENGLISH TRANSLATION BY :

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1993

system of cadastres, e.g., State land cadastre, and State territorial cadastre of all the objects of urban development activities.

Acquiring detailed information for each of the levels is accomplished by the appropriate regulations.

5. Data of the State territorial cadastre should be necessarily used in:

- development and implementation of the urban planning documents;
- construction and changes of the real estate, in its condemnation, allocation of private property and use, determination of the prices and taxes;
- assessment of economic activities;
- protection of historical-cultural and natural heritage, architectural and urban development monuments;
- the State and urban development control; and
- resolution of land conflicts and other activities.

Article . The methods of administration of the State territorial cadastre

1. Administration of the State territorial cadastre is conducted by the State Department of Architecture and Urban Development at the Council of Ministers of the Republic of Armenia, and its local bodies, by a uniform system and by means of the State budget and local budgets.

2. The methods of administration of the State territorial cadastre is determined by the Council of Ministers of the Republic of Armenia.

Articles relating to the chapter "Areas (land) of cities and towns"

Article . Areas around cities

1. Areas around cities consist of land near the external boundaries of cities, which have stable social, employment, industrial, economic, recreational, and infrastructure connections with cities and are used for rest zones, provision of citizens by land plots for single-family detached housing construction, gardens, and are the reserves of the cities' territorial development.

2. Areas around cities are the subjects of special regulations. Land in these areas can be used in accordance with the legislation of the Republic of Armenia on the basis of joint decisions of the local authorities (Deputy Councils).

Land use and urban development activities in areas around cities are fulfilled taking into account the citizens' interests and the administrative-territorial units on the basis of mutual agreement between various principles of urban planning regulations.

3. Boundaries of areas around cities are determined on the basis of the design of the regional planning of the Republic of Armenia, the regional planning designs, the Mater Plan of the city or other urban development and land surveying documents.

4. The boundaries of areas around cities, the method and ways of use of these areas are approved by joint regulations of the State bodies (Ministry of Justice, or the Council of Ministers? [question mark by the authors], the State Department of Architecture, Ministry of Agriculture) and interested Deputy Councils.

(To be continued)

Prepared by: Gurgen Mushegian, Petros Sogomonian, and Grigor Grigorian.

**ENGLISH TRANSLATION BY :**

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ICMA PRINTING DATE: October 15,  
1993



R E G U L A T I O N  
on Auction Sales of State Reserve Lands in the  
Republic of Armenia.

I. General Provisions

1. This Regulation lays down the procedure for organization and conduct of auction sales of state reserve lands.

2. The lands plots may be sold by auction on the basis of the following:

a) surveying projects for operation of an individual or collective rural enterprise or gardening (country cottage) development;

b) in urban areas: general plans and other building documents for the construction or maintenance of a plot attached to the house or residential building.

3. Only the land plots which are duly designed for the

aforementioned purposes by virtue of the approved or accepted general plans, detailed planning or building projects for urban

areas, may be sold by auction.

In the event of the absence of such planning or building projects, they shall be duly prepared and accepted prior to a conduct of the auction.

4. The price of a land plot shall be deemed as the object of the auction.

The person who has offered the highest bid at an auction shall be deemed as the winner of that auction.

5. The auction sales shall be organized and conducted by special auction committees to be formed by the executive committees of the local councils.

II. The Procedure for Formation and Functioning  
of the Auction Committees

6. The executive committees of a town, village, district and city councils shall appoint an auction committee consisting of not less than 9 members, to ensure conduct of the auction sales of state reserve lands, which shall involve the chairman of the executive committee of the respective local council or its deputy (as a chairman of the auction committee), the chief architect of the district (town, city), the chief land-surveyor,

legal counsels, chief sanitarians, representatives of the financial, environmental bodies and those of the bodies involved in the protection of historical and cultural monuments.

7. An auction committee shall prepare in advance the following documents in respect of the land-plots:

- a construction project for the land plot comprising the general plan for the land-plot and the designed project, a description of a target use of the designed project within the limits set forth in legislation, architectural planning assignments, a type of the land, its valuation category according to the land cadastre, information about the roads, water pipes, sewerage, electricity transmission lines or, in case of absence, the prospects for laying them on;

- an opinion of the respective environmental agency;

- an opinion of a respective agency engaged in the protection of cultural and historical monuments;

- (if the land plot is situated in a non-urban area) a building project.

8. Prior to the conduct of the auction, the executive committee of local council of deputies shall approve the procedure for establishment and the amounts of initial prices, which shall not be less than the cadastre value of such lands.

9. An auction committee shall prepare a statement which shall contain:

a) general information:

- the address (location) of a sold land plot;

- the purpose of land use;

- information about the land plot and the designed building;

- an initial price;

- form and order of payment;

- the procedure for the acceptance of applications for participation in the auction, required documents, and the name, address and telephone of the authorized state body, where the documents should be filed;

- date, time and the place of the auction;

- telephones of the auction committee;

- requirements to be met by a participant in the auction;

- the amount of participation charge and a bank account where the charge must be paid in;

- the price for an auction ticket;

b) (in the case of collective purchase) special terms and conditions.

10. An auction commission shall prepare a notice about the sold lands and publish it in the press and other mass media, by alternating it with any other forms of advertisement and notification.

### III. Conditions for Participation in an Auction

11. Any incorporated or unincorporated enterprise or Armenian citizen, which has submitted in due course the applications and other necessary documents, may obtain the right to participate in the auction.

12. The following documents shall be submitted for participation in an auction:

a) an application for participation in the auction, as specified in Annex 1 to this Regulation;

b) a receipt of the participation charge;

c) an identity card.

13. The persons who have the right to participate in the auction, shall purchase an entry ticket. By that ticket's number, they may offer bids in the auction.

The organizer of an auction shall publish entry tickets and designate the respective prices, and any incomes derived from the sale of the tickets shall be credited to his (its) account to ensure the conduct of the auction and the coverage of organizational expenses.

14. A charge for participation in an auction shall amount to 5 per cent of the initial price.

A participation charge paid by the persons who have participated in, but failed to win, the auction, shall be returned to such persons not later than 10 days after the charge is credited to the account of the executive board of a respective local council of deputies.

The participation charge paid by the winner of an auction shall not be returned, and that participation charge shall be deducted from the total amount payable by the winner.

The participation charge shall not be returned to the participants who has been declared as winners at the auction but has rejected the land plot or has failed to make payments in due course. The said amount shall be credited to a special account of the executive committee of the respective local council for the purpose of covering organizational expenses.

15. The acceptance of applications and other documents required for participation in the auction shall be terminated 3 days prior to the designated date of the auction, and the sale of the entry tickets shall continue until the auction is commenced.

16. The information about participants in the auction shall not be published.

17. An auction committee shall not be entitled to restrict the right of certain persons to participate in the auction, unless otherwise provided for by the legislation of the Republic of Armenia or by this Regulation.

18. The auction committee may make known to a participant in the auction of the list of land plots offered for auction sale.

#### IV. The Rules for Conduct of Auctions

19. An auction shall be held in a close room, where only the persons registered for participation in the auction shall be entitled to enter. No person may enter the room upon the commencement of the auction. The auction may be opened only if the number of participants is more than one.

20. The auction shall be held by an auctioneer, who shall announce the following information related to the land-plots or buildings offered for sale : the location, numbers (indexes), area and type of the land-plot, its value according to cadastre records, initial price, the bidding step which shall be designated in an amount equal to 5 per cent of the initial price.

21. A participant shall raise a check indicating its ticket number, show it to the auctioneer and only then announce his bid.

22. The auctioneer shall continue the sale of a land-plot until only one person offering the highest bid is left, and thereafter the auction for sale of the land-plot shall terminate.

23. In the event that nobody agrees to purchase the land-plot at a designated price, the auctioneer shall re-announce the initial price. Where a land plot has been offered 3 times at the initial price and that has not resulted in any increase of the price, the auction shall be deemed as void and the offer of the given land-plot shall be revoked.

24. Where the winner of an auction has rejected the land-plot, he shall be prohibited from further participation in the auction and shall leave the room. In that case, the auction shall be started from the initial price.

#### V. Invalidity of an Auction

25. An auction shall be deemed invalid, if:

- a) a winner of the auction has rejected the land-plot;
- b) there was only one person who participated in the auction;
- c) in other cases referred to in the legislation of the Republic of Armenia.

In the case of invalidity of the auction, a respective statement shall be prepared, as specified in Annex 2 to this Regulation.

#### VI. Execution of Sale and Transfer of Title

26. Prior to the conduct of an auction, the committee shall prepare a deed of auction sale for each land plot to be offered by auction, as specified in Annex 3 to this Regulation, which shall be executed by the seller and the buyer once after the auction.

27. The auction committee shall issue a money order to a winner of the auction in duplicate, and one of the copies shall be deposited by the committee.

The money order shall indicate a total sum to be paid by the buyer by a specified date or a sum of the first installment (in case of payment by installments).

28. The winner shall affix his signature to an auction register and to a deed of auction sale.

29. The decision of an auction committee on the results of the auction shall be effective upon approval by the chief of the state authority which has appointed the committee.

30. The winner at an auction shall execute a land sale agreement and pay the first installment in cash or by bank transfer in accordance with established rules through any of the Armsavingbank branches or other banks within 10 days.

The winner shall acquire the title to the land upon executing a sale agreement.

The winner shall be given a respective decision on allotment



by an auction to be held on << >> \_\_\_\_\_ 199\_ , I would like to participate in the auction.

2. If I purchase a land-plot at the auction, I undertake to execute the sale agreement within 10 days.

3. I agree that the participation charge shall not be returned to me, if I fail to pay the agreed on price within 30 days.

---

Annex 2  
to Regulation on Sale of the  
State Reserve Lands in the  
Republic of Armenia

Approved

\_\_\_\_\_  
[the chief of a state authority which  
appointed the auction committee]

\_\_\_\_\_  
[signature]

" \_ " \_\_\_\_\_ 199\_

S T A T E M E N T  
of Invalidity of the Auction

The Auction Committee appointed \_\_\_\_\_  
[information about ap-

\_\_\_\_\_ consisting of \_\_\_\_\_  
pointment of the committee]

\_\_\_\_\_ (the chairman) and \_\_\_\_\_ (the members) has  
decided to declare the sale of the following lands as invalid  
pursuant to the results of an auction held on " \_ " \_\_\_\_\_ 199\_.

---

No.	Purpose of use of land	Initial price (thousand drams)	The highest bid offered at auction (thousand drams)	Reasons for invalidity
-----	---------------------------	-----------------------------------	---	------------------------------



- 7. The amount of participation charge \_\_\_\_\_ (thousand drams).
- 8. The number of participants in the auction \_\_\_\_\_.
- 9. The ticket number of the winner \_\_\_\_\_.
- 10. The full name and passport number (for citizens) or official name (for legal persons), address and telephone of the winner \_\_\_\_\_.

Buyer \_\_\_\_\_  
 Chairman of the Auction Committee \_\_\_\_\_  
 Members \_\_\_\_\_

Executed on " \_\_ " \_\_\_\_\_ 199\_.

[This shall be executed on the date of the auction in accordance with its results].

Annex 4  
 to Regulation on Sale of the State  
 Reserve Lands of the Republic of Armenia

Approved

\_\_\_\_\_  
 [The chief of a state authority that ap-  
 pointed the Auction Committee]

\_\_\_\_\_  
 [signature]

" \_\_ " \_\_\_\_\_ 199\_.

S T A T E M E N T  
 of Results of the Sale of Lands by Auction

Date of Auction: " \_\_ " \_\_\_\_\_ 199\_.

Place of Auction: \_\_\_\_\_.

Information about the appointment of the Auction Committee  
 \_\_\_\_\_.

Members of the Auction Committee \_\_\_\_\_

Number and area of the sold land-plots \_\_\_\_\_

Total amount of the participation charge \_\_\_\_\_

The amount of the participation charge not returned due to  
invalidity of the auction \_\_\_\_\_

The committee has decided to confirm the following results of  
the auction:

No.	Purpose of use of land	Address	Sale price	Information about the buyer	Mode of payment
1	2	3	4	5	6

Chairman of the Auction Committee \_\_\_\_\_  
Members \_\_\_\_\_  
\_\_\_\_\_

Executed on << \_\_ >> \_\_\_\_\_ 199\_.

[This shall be executed on the date of the auction in  
accordance with its results].

Posted: Tue, Oct 18, 1994 1:32 AM EST  
NPJE-5091-1663/20  
From: ("RFC-822": <uucp(a)icma.arminco.com>, SITE:INTERNET)  
CC: ADMIN/icma  
Subj: To Mark Bidus Attachement 3

RFC-822-Headers:  
Organization: ICMA  
X-Mailer: BML [MS/DOS Beauty Mail v.1.36]  
Lines: 409

Draft

THE DECISION OF YEREVAN CITY COUNCIL  
on Yerevan City Budget for 1994

The Yerevan City Council of Deputies hereby decrees:

1. To approve a Yerevan city budget for 1994 submitted by the Executive Committee of Yerevan City Council in amount of 2,457,304,100 Drams in respect of the revenues and the expenses.

2. To approve the budget of Yerevan City Council for 1994 in amount of 1,626,451,800 Drams in respect of the revenues and the expenses.

3. To approve the revenues of the Yerevan city budget for 1994 in the following amounts:

	(thousand Drams)
- value added tax	691388.9
- profit tax and capital charges from the enterprises of central subordination	430828.0
- profit tax and capital charges from the enterprises of local subordination	22061.0
- income tax from the citizens	455807.8
- charges and non-tax payments	904.1
- profit tax from cooperatives in respect of the supply of goods and services	25402.0

4. To approve the expenses of city budget in the following amounts:

	(thousand Drams)
4.1. Financing of production sector	364584.5

- including:
    - Agriculture 1923.5
    - Industry 1000.0
    - Municipal and Housing sectors 661661.0
  - 4.2. Financing of the social and cultural sector 906133.2
    - including:
      - Education 32114.4
      - Culture 90130.0
      - Health 779820.0
      - Sport 1336.5
      - Social Security 2737.5
  - 4.3. Financing of the staff of the Executive Committee, its departments and entities 11533.6
  - 4.4. Other expenses 3125.5
  - 4.5. Non-stipulated expenses of the Council 1000.0
  - 4.6. Expenses for improvement of living conditions 40000.0
5. To approve circulating cash assets in amount of 30,000 Drams as of 1 January 1995.
6. To establish the norms of the city's district budgets for 1994 in respect of the revenues and the expenses in amount of 830,852,300 Drams.

7. To approve the amounts of the following revenues: profit tax from the enterprises and organizations of central subordination basic industrial capital charges, income tax from citizens, and value added tax:

Districts	Percentage of revenues			
	Profit tax	Income tax	Value added tax	Profit
	from the	from the		
	enterprises	citizens		in
	of central			supply
	subordin.			and

Shengavit	5	30	4.6	--
Spandarian	5	5	1.4	--
Erebuni	8	10	4.0	--
Arabkir	5	5	1.1	20
Shahumian	10	30	8.1	--
Myasnikian	10	10	12.9	--
Khorurdayin	10	30	15.0	--
Mashtots	20	30	7.3	--

-----  
-----

8. To state that the revenues of district budgets for 1994 shall be accumulated from:

- value added tax payments;
- income tax on employees;
- profit tax and capital charges from the enterprises of central subordination;
- profit tax on cooperatives and civic organizations (30 per cent except for Arabkir district);
- profit tax and capital charges on the enterprises of local subordination;
- state duties, charges on private proprietors and various non-tax revenues;
- profit tax on private enterprises, small businesses, limited liability companies and other business organizations;
- rentals for lease of land.

9. To state that district, town and village councils shall independently prepare, approve and fulfill their respective budgets and establish the norms for circulating cash assets as

of 1 January 1995.

---

Annex 1

The Revenues of Yerevan City Budget for 1994

Revenues	Thousand Drams
1. Value added tax	934285.6
2. Profit tax and capital charges from the enterprises of central subordination	623122.4
3. Profit tax and capital charges	

from the enterprises of local subordination	36670.0
4. Profit tax from consumer cooperatives	1265.0
5. Income tax from citizens	556381.0
6. Profit tax from cooperatives	255181.0
7. State duties	5647.3
8. Property tax from building owners and land tax	24.5
9. Tax on lease hold lands	1750.0
10. Charges and various non-tax revenues	32659.0
11. Tax from transport owners	758.3
12. Agricultural tax from collective rural units	2200.0
13. Income tax from sole proprietors and other taxes	73600.0
-----	
Total:	2457304.1

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Annex 2

The Expenses of Yerevan City Budget for 1994

Expenses	Thousand Drams
-----	
1. Economy financing	752510.6
including	
- agriculture	2463.6
- municipal services	749047.0
- other sectors	1000.0
2. Financing of social and cultural sector	138011.7
including	
- education	505929.7
- culture	90130.0
- health	779820.0
- physical culture	1419.0
- social security	9716.0
3. Allowances for children	288300.0
4. Administrative expenses (financing of staff)	24456.3
5. Other expenses	5025.5
-----	
Total amount of the expenses:	2457304.1

---

Annex 3

Education Expenses of Yerevan City Budget for 1994

Expenses	Thousand Drams
-----	

1. Public education	496058.9
including:	
1.1. Nurseries and kindergartens	136996.5
1.2. Public education schools	295190.5
1.3. Boarding-schools	8660.0
1.5. Special regimen schools	7280.0
1.6. Out-of-school institutions	18833.6
1.7. Part-time and external schools	2893.2
1.8. Methodic centres	11209.5
1.9. Centralized accounting services	6494.4
1.10. Acquisition of property	3748.3
1.11. Repairs	4752.4
2. City Committee for Physical Culture and Sport	9870.8
including	
2.1. Sport schools	9623.3
2.2. Acquisition of property	81.7
2.3. Repairs	165.9
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Total:	505929.8

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Annex 4

The Revenues of the Budget of Yerevan City Council for 1994

Revenues	Thousand Drams
1. Value added tax	691388.9
2. Profit tax and capital charges from the enterprises of central subordination	430828.0
3. Profit tax and capital charges from the enterprises of local subordination	22061.0
4. Income tax on citizens	455807.8
5. Charges and various non-tax revenues	964.1
6. Profit tax from cooperatives in respect of supply of goods and services	25402.0
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Total amount of the revenues:	1626451.8

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Annex 5

The Expenses of the Budget of Yerevan City Council for 1994

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Expenses	Thousand Drams
1. Economy financing	664584.5
including	
- agriculture	1923.5
- municipal services	661661.0
- architecture	1000.0
2. Financing of social and cultural sectors	906188.2
including	
- education	32114.4
- culture	90130.0
- health	779820.0
- physical culture	1336.0
- social security	2787.8
3. Allowances	40000.0
4. Administrative expenses	11553.6
5. Other expenses	4125.5
<b>Total:</b>	<b>1626451.8</b>
Circulating assets in cash	30.0

#### Annex 6

#### The Expenses of the Budget of Yerevan City Council for 1994 Concerning Municipal and Housing Services, Reconstruction and Reimbursement

Expenses	Thousand Drams
1. Department of Amenities and Special Structures	
31750.0	
including:	
a) reconstruction of roads	8650.0
b) repairs to pavements	200.0
c) external lighting operations	3400.0
d) sanitary cleaning in 4 districts (Spandarian, Arabkir, Myasnikian and Mashtots)	19500.0

2. Department of Services	8654.0
including:	
a) reconstruction	4300.0
b) operation and maintenance of water structures	1800.0
c) maintenance of "Barekamutiun-Cascade"	800.0
d) "Taron" Children's Auto Township	4.0
e) reimbursement for funeral expenses	1500.0
f) maintenance of cemeteries	100.0
g) burial of radio-active materials	150.0
3. Trees and Shrubs Planting Department	12500.0
including:	
a) maintenance of green areas	1000.0
b) protection of green areas	7000.0
c) [illegible] in green areas	4500.0
4. Subsidies (Reimbursement)	72500.0
including	
a) housing fund operation	15000.0
b) garbage removal	26000.0
c) central heating	30000.0
d) control services	1500.0
5. Reconstruction of the housing fund	24057.0
6. Out-of-limit capital investments	35000.0
7. "Winter 1994-95"	25000.0
8. Centralized capital investments	452200.0
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Total:	661661.0



in respect of the Cultural Sector

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Expenses Thousand  
Drams  
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1. Music Schools	
56376.9	
2. Libraries	
7558.5	
3. Museums	
2855.4	
4. Cultural Centres and Clubs	
2129.8	
5. Other culture institutions and arrangements	
11135.8	
6. Theaters	
3526.9	
7. Acquisition of property	
33.0	
8. Reconstruction	
6514.0	

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	Total
90130.0	

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Annex 9

The Expenses of the Budget of Yerevan City Council for 1994  
in respect of the Health Sector

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Expenses Thousand  
Drams  
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1. Hospitals	
478694.0	
2. Polyclinics	
186476.0	
3. Ambulance Centres	
101425.0	
4. Orphanages	
3867.0	
5. Sanitary Centre	
677.0	

6. Other institutions  
411.0  
7. Centralized accounting services  
790.0  
8. Acquisition of property  
3000.0  
9. Reconstruction  
4480.0

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Total:  
279820.0

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Draft

THE DECISION OF YEREVAN CITY COUNCIL  
"On the Approval of the Report on Performance  
of Yerevan City Budget in 1993"

The Yerevan City Council of Deputies hereby resolves:

To approve the report on the following performance of Yerevan city budget in 1993:

The revenues:	42,045,508 Thousand Drams
The expenses:	37,870,324 Thousand Drams
The difference between the revenues and the expenses:	4,175,184 Thousand Drams

Posted: Tue, Oct 18, 1994 1:31 AM EST Msg:  
JPJE-5091-1659/20  
From: ("RFC-822": <uucp(a)icma.arminco.com>, SITE:INTERNET)

CC: ADMIN/icma  
Subj: To Mark Bidus Attachement 1

RFC-822-Headers:  
Organization: ICMA  
X-Mailer: BML [MS/DOS Beauty Mail v.1.36]  
Lines: 324

Approved  
by the State Department  
for Architecture  
" " \_\_\_\_\_ 199\_

Annex to  
the Decision of  
the Executive Board of  
Yerevan City Council  
No \_\_\_\_\_ dated " " \_\_\_\_\_ 199\_

T H E C H A R T E R  
of the Commission for Architectural and Construction  
Inspection and Out-Departmental Examination  
of the Executive Committee of Yerevan City Council

1. General provisions

1.1. The Commission for Architectural and Construction Inspection and Out-Departmental Examination of the Executive Committee of Yerevan City Council (hereinafter referred to as "the Commission") has been established in accordance with the Law of the Republic of Armenia "On a City, District (in a City) Council of Deputies of the Republic of Armenia" and pursuant to the Decision of Yerevan City Council No. 3/11 dated 14.10.92 and the decisions of the Executive Committee of Yerevan City Council No. 4/1 dated 06.03.93 and No. 12/37 dated 12.05.93. The Commission shall be subordinate to Yerevan City Council and its Executive Committee.

1.2. The Commission for Architectural and Construction Inspection and Out-Departmental Examination shall act in accordance with the Constitution of the Republic of Armenia, current laws, decrees of the President of the Republic of Armenia, decisions of the Government, Yerevan City Council and its Executive Committees, as well as with other legislation in force and this Charter.

1.3. The Commission for Architectural and Construction Inspection and Out-Departmental Examination is a legal person and has its own bank account, a seal with the insignia of the

Republic of Armenia and its official name.

1.4. The Commission for Architectural and Construction Inspection and Out-Departmental Examination shall be financed out of proceeds of the budget of the Executive Committee of Yerevan City Council.

Address: 1/3 Pavstos Byuzand, Yerevan.

## 2. The Objectives and Functions of the Commission

The objectives of the Commission:

2.1. Inspection of the quality of civil construction carried on in the city of Yerevan.

2.2. Inspection of the quality of building materials and articles used in housing and civil construction.

2.3. Examination of construction enterprises, buildings, construction projects and estimated costs.

To ensure the achievement of its objectives, the Commission shall perform the following functions:

2.4. Conduct an inspection of the quality of construction and installation works for housing and civil construction projects, the quality of amenities provided for such construction projects, as well as inspect the conformity of project estimation documents with building standards and rules.

2.5. Inspect the quality of building materials and articles used in the course of the construction of housing and civil projects, as well as check that they are used in conformity with standard requirements and other regulations.

2.6. Inspect on a selective basis the quality of building materials and articles, regardless of the producer's departmental subordination.

2.7. Inspect on a selective basis the conformity of storage, transportation and protection of building materials, buildings, structures, sanitary and engineering equipment with relevant state standard requirements and technical terms and conditions.

2.8. Exercise control over the works connected with the fronts of the industrial buildings and structures which are located in city motorways and crossings.

2.9. Participate together with architects in the control over construction and planning of villages, in conformity with approved projects.

2.10. Give permits for the performance of construction and installation and the financing of such construction and installation, in respect of housing and civil construction projects.

2.11. Conduct registration of officers managing the construction of housing and civil construction projects.

2.12. Accept written undertakings to ensure compliance with current standards and rules from officials of the entities engaged in construction of housing and civil projects and from those exercising patent and technical control over such construction.

2.13. Participate in the work of state commissions accepting the housing and civil construction projects for exploitation.

2.14. Participate in investigations in respect of accidents occurred the housing and civil construction sites.

2.15. Analyze and summarize results of inspections in respect of a quality of housing and civil construction and that of building materials and articles used in the course of such construction.

2.16. Analyze technical and economic indices and project decisions, ensure correction of excesses and errors committed in expense estimations, as well as ensure that architectural planning and technical decisions of the projects conform with contemporary requirements. Control the protection of designed

structures according to building types and value of per square meter.

2.17. Make advisory opinions for projects considered in accordance with established rules.

2.18. Supervise the performance of their suggestions in respect of the considered projects and estimated costs.

2.19. Issue building permits for client organizations (regardless of their type of ownership) and individual citizens, as well as execute building termination acts.

The Powers of the Commission:

2.20. To issue orders in respect of corrections in construction works and replacement of defective building materials and articles, which shall be binding on enterprises and organizations.

2.21. To prohibit in the course of the construction of housing and civil projects any use of building materials and articles produced with departure from standards and technical requirements.

2.22. To receive any documents from client, designing, construction and installation organizations and enterprises regarding the performance of building and installation or the production of building materials and building articles.

2.23. To demand, if necessary, from the chiefs of respective entities:

a) to conduct additional tests and revelation of certain elements and parts of the structures, to carry on testing and examination of any materials or articles used in the course of construction;

b) to maintain execution and protection of technical documents used in the course of construction and installation works, which are provided for by building norms and legislation, and that of the documents related to the production of building materials and articles;

c) to maintain organization of technical and patent control.

2.24. To submit proposals to the respective authorities concerning the following:

a) imposition of sanctions in accordance with the provisions of law on officers for negligence related to any misconduct of building, and installation works or any production of defective building materials and articles;

b) dismissal of any employees who fail to produce respective documents for the performance of construction and installation works in the controlled objects or who fail to duly exercise the technical and patent control.

2.25. To give orders to an enterprise and communicate respective notices to the financial body, the department of statistics, the ministry (to which such enterprise is subordinate) and the State Department for Architecture in respect of confiscation to the state budget of any gains derived by that enterprise from the sale of building materials produced with departure from any standards and technical requirements applied in construction, and deletion of such products and gains from the reports.

2.26. To suspend construction works performed in violation of current laws on construction or to cancel the performance of such works (where there is any threat of accident), and to communicate respective notices about such action to the executive committees of local councils, the State Department for Statistics, a bank financing the given project and to the superior bodies of state architectural and construction control.

2.27. To demand, if necessary, from clients and contracting organizations and from local departments for statistics any information about capacities of housing and civil construction projects and fulfillment of designated indices for their fixed assets operation.

2.28. To involve experts from building organizations engaged in technical and patent control, employees of enterprises, laboratories and technical control departments, experts from research and development or from project institutes (with consent from the heads of such organizations) in inspections of the quality of building materials and articles, held on a selective basis.

2.29. In the course of its operations, to enter any construction site or any enterprise producing building materials and articles, without restriction.

2.30. In case that not all the documents required have been submitted or the submitted documents are lacking in necessary motivations, to suggest to submit such documents or make necessary motivations or to reject the documents.

2.31. To designate a period for the revision of projects, estimated costs and other materials on the basis of examination results.

2.32. To exercise control over performance of suggestions made by the experts, in the course of further designing, construction and operation of the projects.

2.33. To analyze and summarize the results of examinations.

2.34. To report the results of the examinations of projects and estimated costs to the Executive Committee of Yerevan City Council, and prepare proposals in respect of the improvement of planning and estimation works and the quality of projects.

2.35. To submit proposals to the Executive Committee of Yerevan City Council in respect of the work of a client's planning and research organizations.

2.36. Involve researchers, qualified experts and production innovators in examination of projects, consideration of certain matters related to the examination of projects, and technical consulting.

### 3. The Structure of the Commission and Organization of its Operation

3.1. The Commission for Architectural and Construction Inspection and Out-Departmental Examination of Yerevan City Council may have structural subdivisions.

3.2. The Commission for Architectural and Construction Inspection and Out-Departmental Examination shall be led by the Chief of the Commission.

A Chief of the Commission shall be appointed or discharged by Yerevan City Council of Deputies with consent from the State Department for Architecture.

In periods between the sessions of Yerevan City Council, a chief of the Commission may be appointed or discharged by the Executive Committee of Yerevan City Council, subject to further approval of such decision by Yerevan City Council at its session.

3.3. Deputy chiefs, a chief accountant and the list-of-staff of the Commission shall be appointed (approved) by the Executive Committee of Yerevan City Council.

3.4. The Chief of the Commission for Architectural and Construction Inspection and Out-Departmental Examination of Executive Committee of Yerevan City Council shall:

- a) organize the Commission's work on the basis of individual management and be responsible for its operation;
- b) designate the powers of the employees, distribute duties between the Commission's structural subdivisions and employees;
- c) encourage the employees, impose disciplinary sanctions;
- d) represent the interests of the Commission in respect of any enterprises, institutions or organizations;
- e) undertake actions for the improvement of the employees qualification, organize consultations and seminars;
- f) ensure the execution of the decisions of Yerevan City Council or its Executive Committee related to the Commission's authority;
- g) reply to the deputies inquiries within specified periods;
- h) submit draft decisions related to the Commission's authority to Yerevan City Council of Deputies or its Executive Committee;
- i) carry on receptions of citizens, consider their proposals and complaints, undertake necessary actions in that respect;
- j) ensure conduct of the Commission's office work in compliance with regulations of the Executive Committee of

Yerevan City Council;

k) issue orders and give assignments, which shall be binding on all the employees of the Commission.

#### 4. Conditions for Termination of Activity

The Activity of the Commission for Architectural and Construction Inspection and Out-Departmental Examination may be terminated by its dissolution or reorganization in accordance with the provisions of legislation in force in the Republic of Armenia.