

To the attention of: The Chairman of the Control Chamber of the Republic of Armenia, Mr. Ishkhan Zakaryan

CC: Minister of Finance, Mr. Gagik Khachatryan

Subject: Inaccuracies regarding Assist Development Consulting Limited contained in the “2013 Annual Report of the Control Chamber of the Republic of Armenia (approved by the Decision of Chamber of Accounts N12/1 on 31 March 2014)”

Nicosia, 21 May 2014

Dear Mr. Zakaryan,

We would like to bring to your kind attention certain inaccuracies in the 2013 Annual Report of the Control Chamber regarding the project “Implementation of International Public Sector Accounting Standards Strategy 2” that we implemented from June 2012 to June 2013 on behalf of the Ministry of Finance of the Republic of Armenia. These inaccuracies, which have fueled wild speculations in the Armenian media, are of great concern to us and potentially damaging to our company’s reputation.

Four Assist Development Consulting Limited is an international consulting company registered in Cyprus since 2007. To this date, we have implemented 103 projects of various sizes in 27 countries in Africa, Asia, Eastern Europe and the former Soviet Union for the European Union, World Bank and other donors. Our website www.4assist.eu provides an overview of our services and expertise as well as indicative project references.

Cyprus is a member of both the European Union and Eurozone and subject to all the rules and regulations of the European Union. Within that framework, Four Assist Development Consulting Limited is audited annually and our financial and physical operations are subject to scrutiny by the Inland Revenue Department of the Ministry of Finance in Cyprus.

Our concerns are with regard to the following statements made in the 2013 Annual Report:

- a) Section 2.1 “Legality of Public Procurement and efficiency of the existing system” of the Report makes the statement: *“Cases of “artificially created” non-resident companies and their use were observed. In particular, a local company interested in a tender purposely creates a non-resident company or reaches an agreement with an existing one in order to win the tender and sign the contract having an advantageous position in the tender... As a result the participation of non-residents in public procurement becomes merely formal, the funds are transferred out of the Republic”* (page 9). Following this statement the case of Four Assist Development Consulting Limited is mentioned (page 10) as an example of such an “artificially created” company.

This statement in reference to Four Assist Development Consulting Limited as an artificial company is incorrect: Four Assist Development Consulting Limited has been in existence long before the project in question was even conceptualised, i.e. since 2007, and has an international presence in many more countries than Armenia, as stated above.

- b) In the same section, page 10 of the Report states that the whole volume of works was implemented by the Armenian company PHP Partners CSJC through a sub-contracting agreement.

This statement is incorrect: The contract notice of the Ministry of Finance required a leader company with international experience in public sector accounting. Four Assist Development Consulting Limited possesses this experience, unlike PHP Partners CJSC whose experience is limited to Armenia. Therefore, the division of works was provided by Four Assist Development Consulting Limited as leader-company with PHP Partners CJSC being given their part of the work on the basis of their knowledge of the Armenian context.

Four Assist Development Consulting Limited provided, among other things, two internationally qualified accountants (including the team leader of the project) for the implementation of the project and a range of quality control and backstopping services. In the tender documents (Request for Expression of interest for RFP# IPSAS-CS-1.1 and Request for Proposals dated 23 December 2011) the Ministry of Finance required that:

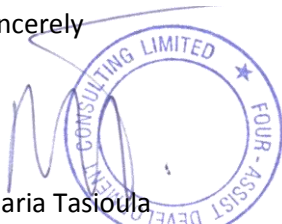
- public sector accounting regulations are in compliance with international norms and practices;
- experience of other countries implementing similar reforms is considered; and
- professionals with international experience supervise and ensure quality in the provided services and outputs.

PHP Partners CJSC would not have the technical capacity and international exposure to provide these services. Thus, the presence of Four Assist Development Consulting limited was a necessary condition for the execution of the contract.

- c) Section 2.8 “Finances” presents the audit results of the Foreign Financing Projects Management Centre and on page 34 restates the inaccuracies mentioned in points (a) and (b) above.

All the above mentioned inaccuracies violate the rights of Four Assist Development Consulting Limited and harm our international business reputation. Therefore, we would kindly request the Control Chamber to consider the issues and revise all relevant sections of the report accordingly.

Sincerely



Maria Tasioula
Authorised Representative
Four Assist Development Consulting Limited