**MEETING NOTES**

Date: 16 July 2021

**ARMENIA: PFM DONOR COORDINATION MEETING**

Meeting Date: 18 June 2021

Leader: Mr. Karen Brutyan

First Deputy Minister, Republic of Armenia Ministry of Finance

Moderators: Mr. Paolo Spantigati, Country Director, Armenia Resident Mission, ADB

Mr. Irfan Qureshi, Economist, Central and West Asia Department, ADB

1. **Summary of Conclusions**
   1. The participants have agreed to the following next steps:
      1. PFM Secretariat will update the donor assistance matrix to reflect the information as presented by each Partner International Organization (PIO) during the meeting.
      2. PFM Secretariat shall summarize and identify the (i) gaps (no proposals received) and (ii) overlaps (two or more PIOs providing support to the same PFM component or subcomponent). The PFM Secretariat shall provide this summary to all PIOs.
      3. Each PIO shall review the summary and submit feedback and recommendations to the Secretariat 1 week after receipt of the summary.
      4. The feedback and recommendation shall contain information on list of planned activities to be conducted for the next 12 months, consultant requirements (if any), and expected outputs/deliverables.
      5. Technical discussions among concerned PIOs to be held separately to rationalize overlapping or duplicating activities.
      6. All meeting materials, presentations, video recording of the proceedings and meeting notes will be posted by PFM Secretariat in MOF website at the following address:

In Armenian: <https://minfin.am/hy/page/pfkh_barepokhumneri_yntacqi_veraberyal_hertakan_donor_hamakargman_hamazhoghov_18_hunisi_2021t>

In English: <https://minfin.am/en/page/regular_donor_coordination_meeting_on_pfm_reforms_june_18_2021/>

1. **Summary of Discussions**
   1. Mr. Paolo Spantigati as Moderator for the first part of the DCM delivered the opening remarks to formally begin proceedings and requested Mr. Karen Brutyan to deliver remarks.
   2. Mr. Brutyan welcomed all the attendees (list attached), mentioned the slow progress of the PFM Reform Strategy roadmap because of the COVID-19 pandemic, and briefly explained the objectives of the meeting.
   3. Mr. Vahan Sirunyan, ADB consultant assigned to provide support to the PFM Secretariat, presented the status of the roadmap and the donor assistance matrix. The roadmap has 101 activities, out of which 5 are completed, 49 are in progress, 10 are being regularly implemented, 21 has not started yet, and 16 were delayed. Out of 101 activities, 38 are for technical assistance (TA) by PIOs. These 38 activities are broken down into: 13 which fully covered by TA, 7 partially covered, 10 possible overlaps, 3 with unclear scope and 5 with no proposals. Worth highlighting on the issue of overlap is the involvement of 6 PIOs on revision of budgetary processes and on review of business processes in MOF, both arising from the Public Investment Management (PIM) Manual. Five areas - internal audit, financial budgetary oversight, public procurement, financial management and control (FMC), and public asset management – are partially covered or have no proposals at all.
   4. Participants from MOF further expressed the need for support on implementation and improvement of e-procurement system, and on the application of the PIM system to line ministries.
   5. Mr. Irfan Qureshi opened the second part of the meeting by presenting ADB’s past and ongoing assistance to Armenia in public management, particularly in PFM. These include advisory inputs, legal review and capacity building in varying scopes to the areas of public debt management, FMC of state non-commercial organizations, fiscal risks assessment and accountability, public investment management, and harmonizing donor and country procedures. Mr. Brutyan underscored ADB’s intensive and constructive collaboration for the past years, and expected ADB’s continued support on reforms implementation.
   6. AFD’s support focused on the public investment portfolio review and capacity building for the Ministry of Territorial Administration and Infrastructure (MTAI) based on the new PIM framework. Mr. Brutyan recommended that AFD establishes proper coordination mechanism among MOF, MOE and MTAI to ensure no gap or disconnect in the implementation of PIM between the central government and MTAI as a line ministry.
   7. IMF presented its past, ongoing, and planned assistance to the Republic of Armenia (RA) in terms of PFM, encompassing 9 areas: macroeconomic and budget indicators forecasting, fiscal risks accountability, state revenue policy, transparency and compliance in revenue administration, program-based budgeting, MTEF procedure, budgetary discipline and transparency, PIM, and public asset management. Mr. Brutyan acknowledged and thanked IMF for its intensive support.
   8. GIZ’s support covered 7 areas, namely: budgeting reforms, public internal financial control reforms, PIM, public sector accounting, public asset management, external audit and external oversight, fiscal decentralization, and regional cooperation. The support will most likely be implemented at the local level. Mr. Brutyan emphasized that systems should be harmonized among the central, the line ministries and the municipal levels, and recommended focus to ensure effectiveness and efficiency in the use of resources.
   9. EU/OECD/WB jointly discussed past and existing support, mostly on collaboration basis, in areas such as debt management, monitoring and reporting of SOEs, and operations framework. Mr. Brutyan recommended that EU consider supporting the areas of internal audit and internal control as MOF’s existing model that was adopted years ago was based on EU’s best practice.
   10. UNDP presented its role in helping RA strengthen planning and management of its development goals in terms of implementing country-wide and sectoral development strategies, utilizing existing financial resources and identifying sources of additional financing, ensuring that these strategies and financing are mapped to the MTEF and the PIM, and tracking progress of achievement of SDGs. Mr. Brutyan highlighted that the SDG framework should enable linking of smaller actions with bigger systems, and ensuring consistency between the strategy goals and policy goals.
   11. USAID presented its ongoing support on the areas of budgeting and budget execution reporting, MTEF, and internal audit. It is also currently assisting the National Assembly and local governments. Mr. Brutyan recommended that USAID closely coordinates with the other PIOs as its activities should supplement and not duplicate other TAs. This includes clarifying TA activities among PIOs prior to preparing the TORs and hiring consultants.
   12. Representatives from the Ministry of Finance of the Russian Federation briefly mentioned its support to RA’s efforts on revenue forecasting, tax policy, financial reporting and program budgeting.

**ARMENIA: PFM DONOR COORDINATION MEETING**

Via Zoom, 18 June 2021

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