

# German Cooperation support to PFM sector in Armenia

Implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

June 18, 2021 | Yerevan



Գերմանական  
համագործակցություն  
DEUTSCHE ZUSAMMENARBEIT

Implemented by

**giz** Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH

# “Good Governance for Local Development in the South Caucasus”

Regional Programme

*duration:*

**April 2020 – March 2023**

*financed by:*

**German Federal Ministry for  
Economic Cooperation and  
Development (BMZ)**

*and*

**Swiss Development  
Cooperation Agency**



Bundesministerium für  
wirtschaftliche Zusammenarbeit  
und Entwicklung



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

**Swiss Agency for Development  
and Cooperation SDC**

# Key Partners in Armenia

- ✓ **Ministry of Territorial Administration and Infrastructure**  
*(Political Partner)*
- ✓ **Ministry of Finance**
- ✓ **Audit Chamber**
- ✓ **Local self-government bodies**

# Areas of Cooperation in PFM

- ✓ Budgeting reforms
- ✓ Public Internal financial control reforms
- ✓ Public investment management
- ✓ Public sector accounting and public asset management
- ✓ External Audit and external oversight
- ✓ Fiscal decentralisation
- ✓ Regional cooperation

# Support to **PFM** Reforms in 2020-2023

# PROGRAMME BUDGETING REFORMS

*April 2020 - May 2021*

## ***on local level***

- Development of training modules on PB and GRB, including e-learning modules on PB.
- Backstopping assistance in development of **Programme Budgets** in 52 enlarged municipalities.
- Integration of **Gender-Responsive Budgeting approaches** in 20 municipal budgets.

*June 2021 – March 2023*

## ***on local level***

- Support to MTAI and MOF in **making PB mandatory for local level** (based on similar experience from central level): *legal amendments, final review and harmonisation of methodologies, creation of a cooperation platform between all stakeholders.*
- Further backstopping assistance on PB and GRB in municipalities.

# PROGRAMME BUDGETING REFORMS

*April 2020 - May 2021*

## ***on central level***

- Development of a concept and methodology on **Programme Monitoring and Evaluation**.

*June 2021 – March 2023*

## ***on central level***

- Piloting and finalisation of the concept and methodology on **Programme Monitoring and Evaluation**, including also capacity development activities.
- Review and finalisation of **Public Participation** approaches; development of an **e-participatory platform** for state budget.

# APSAS

*April 2020 - May 2021*

## *on local level*

- **Baseline assessment on APSAS implementation and on use of APSAS manual** (developed by GIZ), with full set of recommendations on further steps.

*June 2021 – March 2023*

## *on local level*

- **Methodological and practical support to 10 municipalities** on further APSAS implementation, incl. capacity development.
- Development and piloting of a **consolidation methodology**.
- Support in **preparing of consolidated financial statements in line with APSAS** for 2 advance enlarged municipalities (Jermuk and Stepanavan).
- Support in **development of service cost calculation methodology** including set up of management accounting system and its input in accounting system.



# ASSET MANAGEMENT

*April 2020 - May 2021*

## ***on local level***

- **Baseline assessment on Asset management**, with results applicable for all 52 enlarged municipalities.

*June 2021 – March 2023*

## ***on local level***

- Support in **improving and standardising municipal assets management at local level**: *analysis of the legal framework and development of two exemplary templates of decisions of the Municipal Council on Mandatory annual inventory of municipality assets.*
- Approving the **annual programme for management of lands, buildings and constructions considered as municipal ownership.**

# PUBLIC INVESTMENT MANAGEMENT

*April 2020 - May 2021*

## *on local level*

- **Baseline assessment on Public Investment Management in municipalities**, with a set of recommendations on further steps.

*June 2021 – March 2023*

## *on local level*

- Development of a **concept and manual on PIM** in municipalities.
- **Piloting and final introduction of PIM system** in municipalities.
- Support in elaboration of relevant **legal framework** for introduction of PIM in municipalities.
- Development and conduction of **capacity development** measures on PIM.

# PUBLIC INTERNAL FINANCIAL CONTROL

*April 2020 - May 2021*

## *on local level*

- **Baseline assessment on Internal financial control in municipalities**, with a set of recommendations on further steps.

*June 2021 – March 2023*

## *on local and central (partially) levels*

### *Financial management and control (FMC)*

- Support in **review and finalization of the Draft Manual on FMC**
- Development of **guidelines for introduction of FMC in municipalities**, based on the provisions of general manual.
- **Piloting of FMC in municipalities.**
- Development of a **detailed action plan and capacity development measures for FMC introduction in municipalities.**

# PUBLIC INTERNAL FINANCIAL CONTROL

*April 2020 - May 2021*

*June 2021 – March 2023*

## *on local level*

- **Baseline assessment on Internal financial control in municipalities**, with a set of recommendations on further steps.

## *on local and central (partially) levels*

### *Internal Audit (IA)*

- Support in **review and update of the overall IA methodological and legal frameworks.**
- **Modernisation of IA capacity building mechanisms** (applicable for both local and central level).
- Review and establishment of a **modern IA certification mechanism** compliant to international standards.
- Assurance of **independence of IA Units within LSGs** and **development of IA standardized approaches and tools** for LSGs.

# EXTERNAL AUDIT

*April 2020 - May 2021*

- The **cooperation platform between the MTAI and AC**, *facilitated by GIZ GGLD - since April 2021.*
- **Support in regulative framework revision:** *external audit to be institutionally separated from any criminal investigation process by the legal enforcement.*
- Support to **first financial and compliance audits of the municipalities** *in line with the international standards.*
- **Capacity building:** *trainings for the AC to have certified auditors; on data analytics; on-job trainings on financial, compliance and performance audits*

*June 2021 – March 2023*

- Support to AC and MTAI in **conduction of the financial, compliance and performance audits** of the municipalities
- **Further capacity building:** *trainings for the Audit Chamber to have certified auditors; on data analytics; specific on-job trainings for financial, compliance and performance audit*

# THANK YOU!



[www.giz.de](http://www.giz.de)



[https://twitter.com/giz\\_gmbh](https://twitter.com/giz_gmbh)



<https://www.linkedin.com/company/gizgmbh>