# German Cooperation support to PFM sector in Armenia

Implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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#### "Good Governance for Local Development in the South Caucasus"

**Regional Programme** 

#### duration: April 2020 – March 2023

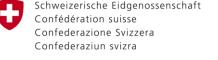
#### financed by:

and

German Federal Ministry for Economic Cooperation and Development (BMZ)



Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung Swiss Development Cooperation Agency



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

- 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.



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

- 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

- 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

- 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

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

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!**



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