

**THEMATIC COMPILATION OF RELEVANT INFORMATION SUBMITTED
BY ARMENIA**

ARTICLE 9, PARAGRAPHS 2 AND 3 UNCAC

MANAGEMENT OF PUBLIC FINANCES

ARMENIA (SIXTH MEETING)

2.2 Public Finance Management

1. The Strategy on the reforms of public finance management system (PFMS) and the Action Plan 2010-2014 for the implementation of the first phase of those reforms have been approved by the RA Government Protocol Decree N 42, dated 28.02.2010. For the purpose of evaluating the 2010-2014 performance of the measures envisaged by Strategy, the RA Ministry of Finance has turned to the EU Delegation in Armenia with the request for supporting the reforms implementation in the public finance management sphere.

In the framework of the mentioned, the PFMS reform technical support team of the EU has elaborated and submitted to the RA Ministry of Finance the draft package for reviewing the PFMS reform.

The preliminary discussions of the mentioned draft package have been organized on February 18, 2015. Representatives from the RA National Assembly, RA Chamber of Control, RA Government and the RA Ministry of Finance, interested non-governmental organizations and international partners such as EU Delegation in Armenia, World Bank, International Monetary Fund, Asian Development Bank, GIZ, Transparency International Anti-Corruption Center, Economic Development and Research Center, Young Bar Association of Armenia have taken part in the discussions.

The suggestions submitted by interested bodies and organizations, the possibilities of including them in the package and the further support to the RA Government by the International Partner Organizations in the process of reforms of public finance management system have been discussed during the meeting.

The revised final version of the mentioned package has been submitted by the EU technical support group which has been presented to the interested state bodies, public and international partner organizations for consideration on March 9, 2015.

Only after considering and adopting the revised version of the PFMS reforms package, the RA Ministry of Finance will elaborate and submit to the RA Government in the established manner the 2015-2020 draft strategy PFMS reforms.

2. With the aim of supporting the establishment of the RA public internal financial control system, the Twinning project for strengthening the regulatory and institutional framework of public internal financial control and supporting the central harmonization unit in its role of operationalizing the new systems in the Republic of Armenia has officially launched in September, 2014. The Project aims at developing RA public internal financial control sphere based on the EU best practice. The duration of the project is 24 months. It is being implemented by the the Swedish National Financial Management Authority and the direct beneficiary is the RA Ministry of Finance.

The project is being implemented through advancing the comprehensive public internal financial control system having in mind that the main components of the system, the internal audit ensuring properly assurance and the central harmonization unit ensuring the regulation of relations related to public internal financial control, defining standards and implementing its monitoring have been introduced in all the levels of the management. In particular, in the framework of Twinning project, works are being carried out for introducing the components

financial management and control based on managerial reporting of public internal financial control system.

The RA draft law "On Financial Management and Control" has been elaborated together with the Twinning project experts which has been submitted to a number of donor organizations and EU SIGMA project for consideration. Currently, the draft law is being revised, the final version of which will be submitted to the beneficiary public management bodies for consideration in the established manner.

At the same time, it is worth mentioning that the presentation "Public internal financial control development in Armenia" organized by the EU SIGMA project was held on 13.03.2015. It aimed at submitting suggestions to the RA Government on behalf of the RA ministry of Finance for improving and advancing the Public internal financial control system in the public managementsphere. During the presentation, the EU SIGMA project experts presented the actual status of financial management and control and internal audit spheres in the Republic of Armenia, the strong and weak points, as well as suggestions to support Central Harmonization Unit and PIFS system and its further development.

3. In accordance with assessment report (the report has been awarded quality assurance by PEFA CHECK) of public expenditures and financial Accountability of Armenia (PEFA) prepared in 2013 and published in 2014 compared with previous evaluation, and progress has been recorded in 11 indicators out of 31. In addition, the main improvements have been recorded in the spheres of realistic budget, transparency and budget execution.