



SUCCESS STORIES

Armenia

Applying International Budgeting Frameworks

Context

Transparent government budgets and participatory budgeting are key to building accountability, public engagement, and fairer public services. A crucial tool in promoting budget openness is the Open Budget Index (OBI), developed by the International Budget Partnership, which helps countries measure their progress in transparency and openness against global standards and best practices.

PEFA (Public Expenditure and Financial Accountability) assessment, designed and implemented by the World Bank, is the leading crucial tool for evaluating the comprehensive performance of PFM systems globally. They can help identify areas for improvement, support donor engagement, inform policy decisions, and ultimately contribute to better public finance outcomes.

PEMPAL Impact

The PEMPAL Budget Community of Practice (BCOP) has a long-standing partnership with the International

Budget Partnership and members have been involved in a range of discussions on OBI criteria and country rankings. Leveraging BCOP's expertise and resources on budget transparency, the **Ministry of Finance of Armenia was motivated to participate in the international OBI assessment.** In preparation for its first assessment in 2021, the Ministry implemented several transparency measures, guided by BCOP insights, such as expanding the scope and accessibility of key budget documents and publishing a Citizens' Budget. **These efforts significantly enhanced Armenia's budget transparency,** resulting in an OBI score of around 60 - exceeding the regional average for Europe and Central Asia.

Informed by the wealth of BCOP knowledge on public participation and participatory budgeting initiatives, Armenia also designed and implemented its first participatory budgeting initiatives at the local government level through transfers from the national Ministry of Finance. The initiative was implemented using good practices from country cases studied in detail by the BCOP (including Cascais in Portugal, a leader in participatory budgeting) and advice from BCOP peers and

partner organization the Global Initiative for Fiscal Transparency. BCOP knowledge products were also used, including *Public Participation in Fiscal Policy and the Budget Process –Establishing and/or Strengthening Mechanisms in PEMPAL Countries, Participatory Budgeting: Public Participation Mechanisms for National Ministries of Finance, and Participatory Budgeting for Youth*.

PEMPAL also cooperates with the PEFA Secretariat and several BCOP and cross-COP learning events were held with them. This included the PEFA Secretariat consulting with PEMPAL members in developing the last PEFA methodology updates. **Using the knowledge of the PEFA methodology and criteria taught through PEMPAL and its cooperation with the PEFA Secretariat, Armenia implemented improvements to its PFM practices.** This resulted in higher ratings in the recent PEFA assessment.

Next steps

Armenia plans **further improvements in the more advanced areas, including modernizing budget documentation and public participation mechanisms** at all government levels, as well as implementing recommendations from the PEFA and OBI assessments.



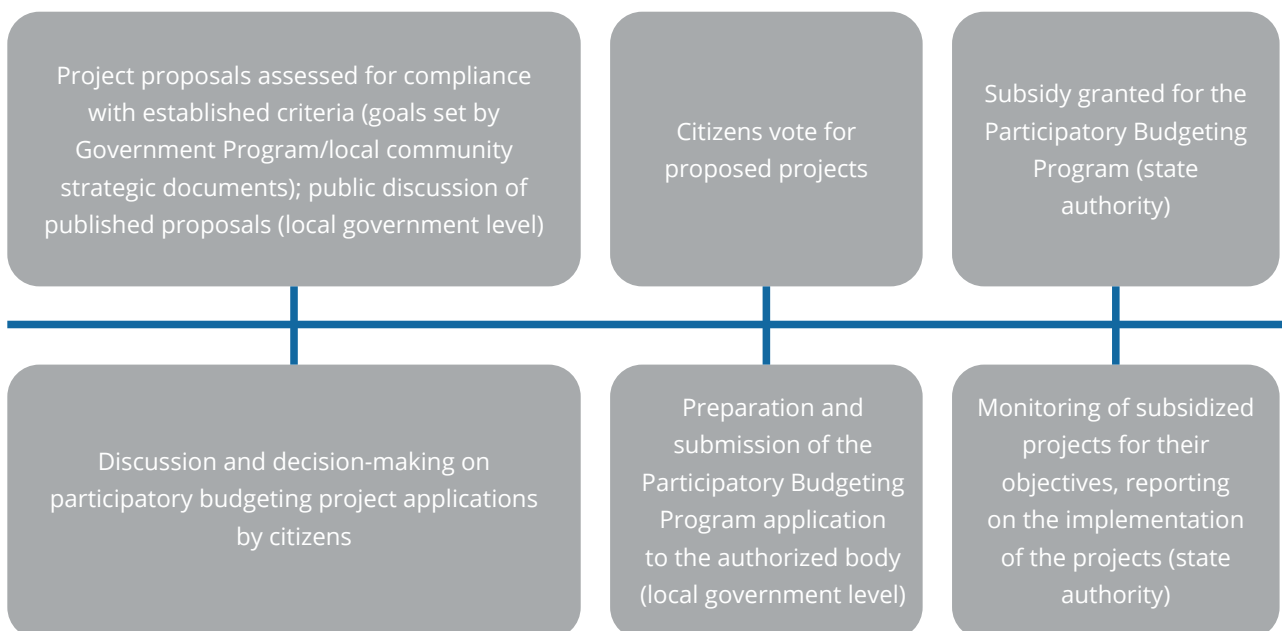
The direct access we gain through BCOP to so many budget officials from diverse countries and leading international experts is truly unparalleled. This continuous interaction not only enhances our professional expertise but also inspires us to consistently seek out the next wave of improvements. Participation in BCOP thus serves as a dynamic catalyst for ongoing capacity building and reform-oriented thinking.

— **Ruzanna Gabrielyan**

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Figure. Procedure for Allocation National Funds for Participatory Budgeting Initiative





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