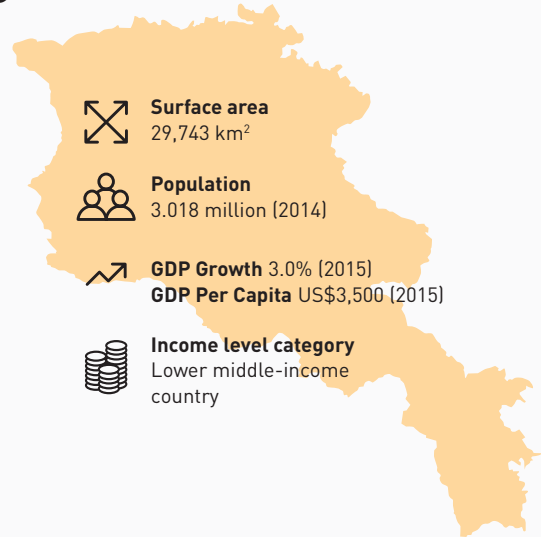




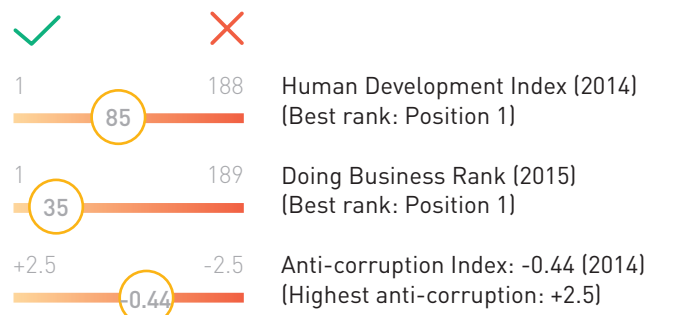
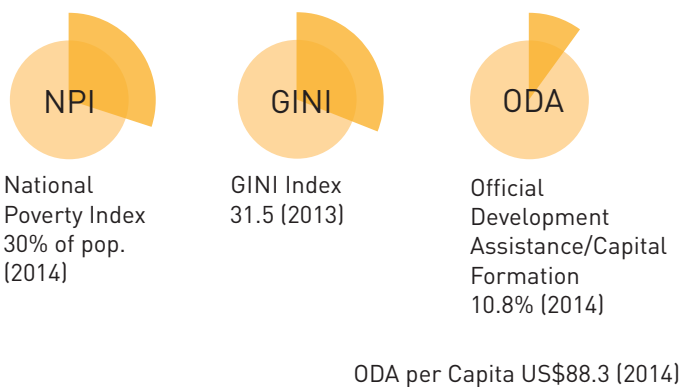
1. Country Context

The Republic of Armenia is a lower middle-income country ranked 85 on the HDI in 2015. In December 2015, the country approved a constitutional reform to change the system of government from a presidential to a parliamentary system, effective in 2017. Its main origins of GDP are trade and services, agriculture and industry. Principal exports are mineral products, prepared foodstuffs and base metals. Its main trading partners for imports and exports are Russia, China and Germany. Prior to the 2008 financial crisis, the double-digit economic growth was extensively driven by the construction sector fuelled by foreign financing (i.e., direct foreign investment, official and private transfers). While the poverty rate remained as high as 30%, private remittances received through the banking sector dropped by 23% and the unemployment rate rose to 18.5%. In January 2015, the country joined the Eurasian Economic Union (EEU).

Quick Facts

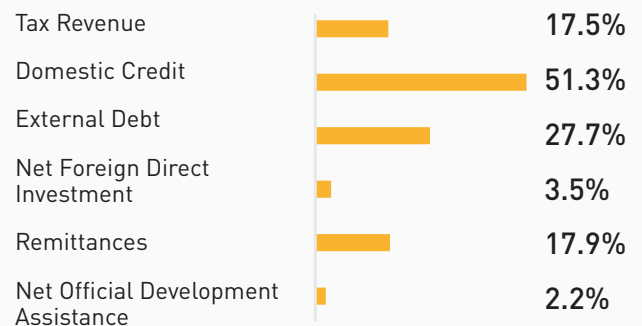


Key Development Indices:



Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



Key Development Challenges

As a sign of rapprochement, Armenia made a joint announcement to establish a new, legally binding agreement with the EU and the newly formed Gender Equality Council under the prime minister was upgraded. An Anti-Corruption Strategy and a Council under the prime minister creates space for change. In recent years, civil society has been showing more active engagement and increasing enthusiasm to bring the voice of different groups to the government to reach more sound and balanced policy decisions. However, there is still lack of capacity and room for improvement for civil society to effectively exercise its mission. The current geopolitical situation in the region remains tense, which may challenge full exploitation of trade and investment potential and restrict opportunities of reaching development results.

2. Efforts to Implement the Effectiveness Principles

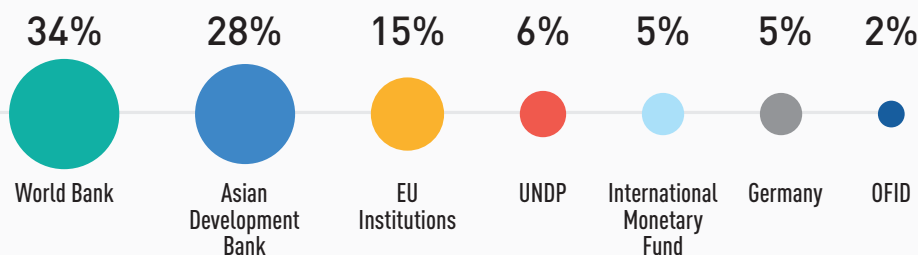
A. Policies and Tools for Partners' Alignment

The Armenian Development Strategy 2014-2025 (ADS) is the long-term vision document for the development mandate. The Steering Council on Strategic Programme Implementation sets national development priorities. It is headed by the prime minister and coordinates the development, implementation, monitoring and reporting of national strategic

programmes. This is a multi-stakeholder platform, involving members from key ministries, parliament, the church and civil society. The government programme functions as a mid-term national development plan. The requirement for the government programme and the procedure of its parliamentary scrutiny is set out in the constitution. Armenia's

strategic development priorities have been closely linked with the MDGs. The nationalization of the SDGs is in process and should be guided by an overall development vision and the targets declared in the national development agenda. The country also adheres to different international conventions and commitments.

Major Development Partners of this Round (by Reported Disbursements)



Participation in 2014 Monitoring



Existence of a National Co-operation Policy

B. Governance and Management of Development Finance and Co-operation

The ADS provides a whole-of-government approach to the country's long-term development vision at the national and sectoral levels, while the four- to five-year government programme serves as the mid-term planning framework. Those mentioned in general provide strategic guidelines for the development of the medium-term expenditure framework (MTEF). Vertically at the bottom, there is the government decree, which regulates the mechanisms, requirements and institutional responsibilities for annual programmatic planning and reporting (quarterly and annually) for all public agencies. Beyond this top-down hierarchy of policy governance, there are also horizontal strategic and programmatic planning, monitoring and reporting, referring mostly to sector-driven policy documents. These

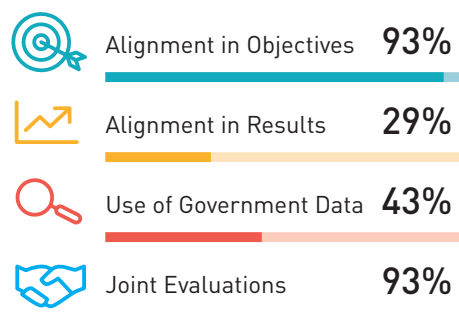
programmatic action plans are in line with long- and mid-term development priorities and are also closely related to the budgetary and MTEF processes. The MTEF and the annual budget plans reflect the ODA at the project level. The budget allocations are guided by country priorities, as they generally stem from the MTEF and are based also on the annual programmatic framework of the government as a whole and of each of the government agencies. In addition to participating in all the stages of development policy planning, development partners promote development and implement reforms. The partnership strategies and the indicative assistance frameworks set therein are the mid-term platform for providers' interventions and harmonize with national strategic priorities.

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

The mechanism for setting the development agenda is a multi-stakeholder process in all stages of development planning, implementation and reporting, engaging development co-operation partners, CSOs, parliamentarians and the private sector. Sector plans and strategies in transport, education, health

care and public finance are in place and operational. However, linkages between the result frameworks of development partner-financed projects and government sector plans and budget allocations could be strengthened by improving assessment of results, implementation and effectiveness.

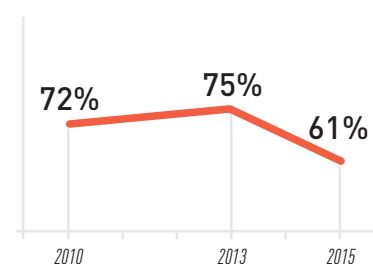


Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

The 2015 government annual budget recorded (for those participating in the monitoring) about US\$201 million from development co-operation partners, which indicates that 61% of scheduled disbursements for the government sector are on budget and 14% are beyond scheduled. The share of scheduled

disbursements recorded as being on budget decreased from above 70% in 2010 and 2013, reflecting deterioration in country ownership. The decline in on-budget official development finance could be the result of a drop in remittance from Russia in the recent economic downturn.

Percentage on Budget



Indicators 9 and 10. Use of Country Systems

Budget execution procedure has been widely adopted by development co-operation partners; more than half of development co-operation partners reported having used national financial reporting and auditing procedures and the use of national procurement procedure has the most potential for improvement.

The use of financial reporting, auditing and procurement systems for development co-operation has slightly declined since the last monitoring round and development partners' use of budget execution procedures has slightly increased. However, overall use of country systems by development co-

operation partners has maintained the same level with findings from the first monitoring round and more progress is needed to enhance country ownership. CPIA improved from 4.00 in 2005 to 4.50 in 2012. Untying of official development finance also improved from 76% in 2013 to 90% in 2014.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	79% ▲	54% ▼	50% ▼	40% ▼		
INDICATORS 9A & 10.					4.5 ▲	90% ▲

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

The Public Council ensures that the interests of Armenian citizens and non-governmental associations are represented in state policy formulation and implementation, and 60% of the 18 councils created under the supervision of the prime minister enable CSO representation. Based on consultations with CSOs, the government adopted the Concept on CSO Legislature and Institutional Improvement in 2014, which allows greater flexibility in CSOs' activities and governance structures, but requires annual reporting for organizations receiving government funding. Major

initiatives on civil society engagement include the establishment of the Civil Cooperation Network, major platforms on implementation of national development commitments with CSO representation at deputy level, and the Open Government Partnership Working Group, which includes experts from CSOs. In addition, the Social Partnership Network was established in order to encourage participation from civil society on planning and implementation of national development strategies. The government facilitates a number of working groups and platforms comprised of sectoral private

sector representatives and the private sector is willing to engage in collaborative initiatives. Multi-stakeholder regional conferences and meetings are also organized to address challenges in public-private partnership (PPP). Public-private projects in the water, telecommunication, transport and energy sectors have been implemented. However, government engagement on public-private projects is sometimes criticized as being ad hoc. It will require more private sector capacity and standardization, especially in terms of financial resources to implement large-scale PPP projects.

Indicator 8. Gender Empowerment

No data is available on this indicator during the current monitoring round. According to the UNDP Results-Oriented Annual Report (ROAR), Armenia's 2nd

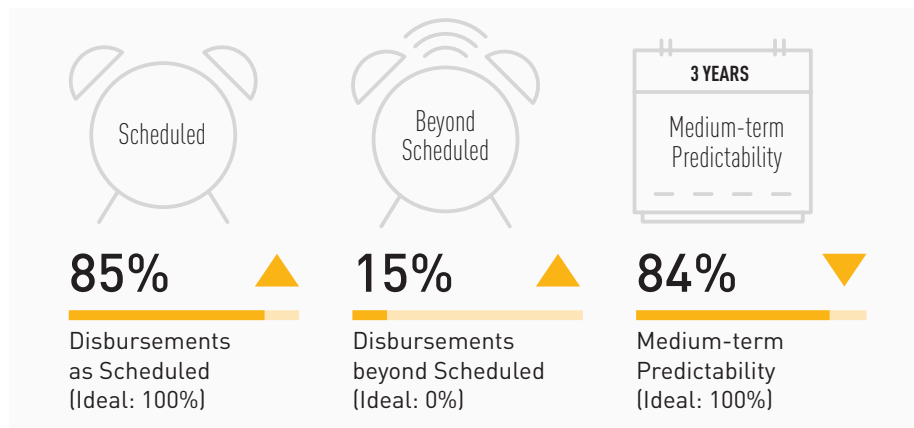
Universal Period Review highlighted many recommendations addressing the lack of gender equality, but limited progress has been made in the implementation and

evaluation of gender equality in the 2014-2017 Human Rights Action Plan.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable

Annual predictability on development co-operation finance has improved since 2013, as the share of disbursements received as scheduled increased from 69% in 2013 to 85% in 2015. Predictability in the medium term declined from 96% in 2013 to 84% in 2015, which will require more timely disclosure of information on development co-operation for more effective government budget planning.



Indicator 7. Mutual Accountability

No data is available on this indicator during the current monitoring round.

National Priorities Going Forward

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Armenia's national development agenda sees institutional modernization of the public sector as one of its core strategic priorities. This entails a set of continuous efforts and reforms to ensure the best value for money, to improve the effectiveness of development planning and implementation and to increase transparency and accountability. All these areas lie at the heart of the ideology of the Global Partnership, which makes this platform and the monitoring exercise a highly valuable input in tracking progress and identifying room for further improvements. Global monitoring is also an important instrument for countries to bring their experiences and insights into the global picture. The evidence in the overall framework of effective co-operation and the national multi-stakeholder dialogue around this agenda is useful to jointly evaluate past efforts and to understand how to improve the efficiency of development partnership. While having an important context and results at the global level, it is also very important to strengthen the role and the results pass-through of this initiative for all stakeholders. One critical area of such thinking may be the mechanics of employing the whole spectrum of global commitments and the outcomes of periodic monitoring by making country-specific recommendations and bringing partners to greater commitment to make substantial improvements. Approaching the last resort of the 2015-2016 Global Monitoring Round, hopefully, the High-Level Meeting 2 will provide a productive and committed environment to arrange open consultations, reinvigorate honest dialogue and outline milestones on how to develop the system of Global Partnership in the context of the SDGs.

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**Artak Baghdasaryan, National Coordinator
Ministry of Economy, Republic of Armenia**

Disclaimer This document was prepared based on data collected from voluntary reporting to the Second Monitoring Round of the Global Partnership for Effective Development Co-operation and, for Country Context, other open source information available online. The views presented cannot be used or cited as an official UNDP source of information.

For ease of reference, the term 'country' is used to refer to participating countries and territories that reported to the Second Monitoring Round. Participation in this process and mention of any participant in this document is without prejudice to the status or international recognition of a given country or territory.