Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

33rd SESSION
4 - 6 October 2016
Room XVIII, Palais des Nations, Geneva

Thursday, 6 October 2016
Afternoon Session

Agenda item 5. Other business
(c) Updates by international and regional organizations

Presented by

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Update from the World Bank
6 October, 2016

Jarett Decker, Head
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UNCTAD –ISAR, Geneva
Sound governance and effective institutions are essential to achieve shared prosperity and sustained reductions in poverty.

Public accountability and proper governance contribute to better delivery of public services, support competition and growth, including through cooperation with private sector.

Quality information helps governments properly analyze the risks and play their essential roles in resolving the complex and interconnected challenges in variety of sectors, incl in health, social protection and education.
Accounting & Auditing: Key Development Benefits

- Adequate Requirements & Capacity Enforcement
  - Useful for: Investors & Owners, Banks, Regulators
  - Benefits include: TRANSPARENCY

- Reliable Financial Information
  - Benefits include: Trust

- Access to finance & new business opportunities
  - Benefits include: CREDIT & INVESTMENT

- Sustainable Private Sector Development
  - Benefits include: Increased competitiveness, Increased trade, Job creation, Strengthening governance and accountability

GROWTH AND SHARED PROSPERITY
WB Activities in Accounting & Auditing

» Policy advice and tailored TA for client governments:
  » Global Initiative for Fiscal Transparency;
  » PEFA;
  » Anti-corruption Authorities Portal;
  » Reports on Observance of Standards and Codes (ROSC) on Accounting & Auditing (A&A);
  » Global Forum on Law, Justice and Development; and
  » Sharing in Governance of Extractive Industries.

» Tailored TA activities on CFR:
  » regional programs on CFR (FRTAP, EU REPARIS, STAREP);
  » specific in-country programs (few in progress);
  » SOE Financial Accountability & Transparency (SOE FACT);
  » individual assistance to SOEs through WB lending projects; and
  » regional knowledge sharing events.
A New ROSC Accounting & Auditing

“ROSC AA 2.0” methodology completed

» Update diagnostic tool
» Clear guidelines to assess corporate-sector accounting and auditing practices
» Consistent, comprehensive, and comparable over time
» Measurable results
» Additional modules added
» Greater emphasis on capacity and enforcement v-à-v requirements
  (expanded assessment of education)
» Over 100 country-level TA projects in the last 10 years

» Regional initiatives
Transformation of PAOs: Four Priority Areas

- Public-Private Sectors
- Strong Governance Systems
- People – Developing Talents
- Tools and Technology

Accountancy: Framing the Future
Support to PAFA
Support to OHADA
Regional and country specific assistance
ROSC A&A Diagnostics
Public Financial Management interventions
Asia

South Asia:

» FRED: Financial Reporting for Economic Development
  
  Public Sector Forum May 2016

East Asia & Pacific:

» Engagement with ASEAN Federation of Accountants
» Engagement with ASEAN Audit Regulatory Group
» A&A ROSCs in progress for: Papua New Guinea, Vietnam
Flagship initiative to support economic growth and development in LAC through improvement of financial reporting and accountability in the public and private sectors

Under the collaborative leadership of the 4 Global Partners – World Bank Group, Inter-American Development Bank, IFAC, and Global Public Policy Committee
CFRR Programs

- One-stop shop for financial reporting reforms
- Focus on ECA: EU REPARIS, STAREP, national projects
- By now:
  - 30 countries,
  - 60 regional workshops,
  - 6,000 participants
Centre for Financial Reporting Reform in Vienna: The World Bank’s Global Knowledge Hub

Key experts in:
• Accounting & auditing education (univers/prof.)
• PAO development
• Legal and regulatory frameworks
• Monitoring and enforcement (including audit oversight and QA)
• Financial monitoring of SOEs
• Public sector/SAI's
Maturity Models: Tailoring the right reforms for the right time, based on local conditions

» Reforms efforts that are not tailored to local capacities and conditions may be unproductive and even destructive

» Beware of importing regulatory trends to lower capacity countries

» Look for hidden trade-offs, such as independence v. competence

» Focus efforts on areas of immediate impact, while setting groundwork for movement to international good practices

» Take different approaches for different sectors (for example, financial institutions vs. SMEs)

» Promote knowledge sharing among countries of similar capacity levels, with support from other countries at higher capacity