PROMOTING REFORMS IN PUBLIC SECTOR ACCOUNTING AND AUDITING
The World Bank’s Role

Workshop on Public Sector Accounting
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Our Twin Goals

✓ Eradicate extreme poverty by 2030

✓ Boosting shared prosperity
Trustworthy Institutions for Development.

Support countries in building open, effective, and accountable institutions for inclusive development.

1. Region Focused: PMs and Teams
2. “Global Solutions Groups” (Technical Streams)
3. Global programs and partnerships supporting Regional PMs and the Global Solutions Group
4. Cross support to all GPs and Bank portfolio;
5. Collaboration and joint operations with other GPs
GOVERNANCE GLOBAL PRACTICE

PUBLIC INTEGRITY & TRANSPARENCY
- Provide policy advice, institutional support and capacity building for more transparent and accountable governments

RESOURCE MOBILIZATION & FINANCIAL MANAGEMENT
- Provide policy advice and support to institutions and processes across the cycle of resource management, for effectiveness and transparency

PUBLIC SERVICE & PERFORMANCE
- Support a continuous and sustainable improvement in the delivery of public goods and services at different levels of government

GOVERNANCE SYSTEMS & INCLUSIVE INSTITUTIONS
- Support countries in building inclusive and trustworthy institutions, with a special focus on relations across key public entities, citizens and businesses
GOVERNANCE GLOBAL PRACTICE

PFM CAPACITY STRENGTHENING PROGRAMS

PFM LENDING
Over 80 Active Projects
20 projects over US$ 1 billion in our Lending Pipeline

CROSS-SUPPORT ON LENDING
120 operations in Sectors include US$ 780 million commitments for PFM components

ADVISORY SERVICES AND ANALYTICS
375 programs in our Knowledge Program - Technical Assistance and Economic Sector Work

RAS
50 RAS Products - the largest among all other Global Practices
Most in Europe and Central Asia

FIDUCIARY
Technical inputs in every region on over 2,600 projects in the World Bank Portfolio

POLICY REFORMS
Over 30% of Bank Financing in Development Policy Operations with linked to Sector Reforms
Over 750 GGP staff in more than 100 country offices
increased demand for fiscal transparency

opaque reporting of fiscal deficits and sovereign debt

under resourced government institutions

low capacity of accountants and auditors

raising awareness amongst parliamentarians and CSOs

developing global and regional networks to share knowledge

sustainable professional education and training programs

building IT systems to support reform agenda
2010 to 2014 progress attributable to:

- Improved scoring amongst countries in the dataset
- Changes in number of SAIs between the two periods
- Most developing countries still score C or below

INTOSAI Development Initiative (IDI)

Global SAI Stocktaking Report
• 30% of countries use IPSAS or corresponding national standards
• 45% of remaining countries disclose some accounting standards
• 10% did not rate this indicator
• High correlation between countries with comprehensive financial statements and application of accounting standards
Successive assessments in 80 countries
19% increase in score
60% no change in score
21% decrease in score

Source: PEFA Secretariat, 2005-2014 PEFA Assessments
WORLD BANK SUPPORT FOR CAPACITY BUILDING

- Just-In-Time policy papers – China
- IPSAS training – Chile, Poland, Macedonia, Tunisia
- Capacity Building Support to SAI’s
- Reform roadmaps and action plans
- Practice Manuals and Guidelines

- PER, PEFA Assessments
- Review of Public Sector Accounting Practices – GAP Analysis – Europe, Latin America and South Asia

- Donors (EC, SECO)
- Global Bodies – IPSASB, IFAC, INTOSAI
- Other IFIs – IMF, OECD
- In Country – PAO, SAIs

- PEMPAL Communities of Practice in accounting standards, public assets management and consolidated reporting
- CReCER Annual Conference – Latin America
## GOVERNANCE GLOBAL PRACTICE

### SUPPORT FOR PFM REFORMS IN EUROPE AND CENTRAL ASIA

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| - Treasury Systems and GFMIS incorporating Chart of Accounts and Fiscal Reports  
- Accounting systems for budget institutions, manuals and procedures, and professional on-the-job training |

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| - Gap Analysis comparing national with international standards using the *Enhancement of Public Sector Financial Reporting* tool - Poland, Kazakhstan, Russia, Georgia, Azerbaijan, and Belarus  
- PEMPAL Communities of Practice on Accounting Standards, Accounting for Public Assets and Consolidation of Financial Reports  
- PEMPAL – Public Accounting Reform knowledge products and training  
- Public Accounting Education – Macedonia, Azerbaijan (CAPSAP Project)  
- Development of public sector audit standards, legislative review and specialized audit skills (Georgia, Azerbaijan, Tajikistan) |

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| - Reimbursable Advisory Services – EU, Russia, Kazakhstan  
- Trust Funds and Investment Project Financing – EU Near Neighbors, Western Balkans, Caucasus’ and Central Asia |
**Our Approach**

- Partnerships - Promoting Global, Regional, and Bilateral SAI relationships
- Technical Assistance leveraging Bank-financed operations to strengthen in-country SAI capacity and impact (and WB SAI Capacity Building Fund)
- Financing, Advisory Services and Analytics - PEFA assessments, tailored studies.

**Challenges**

- Financial independence - 40 percent of SAIs reporting executive interference in their budget including unapproved cuts by MOF to allocations approved by the legislature
- Operational independence – conflicted roles with financial inspection agencies
- Technical capacity – insufficiently qualified and experienced staff
Areas in which we anticipate deepened engagement going forward:

**Increasing Fiscal Transparency and Accountability**
- Modernization of internal controls and audit
- Improving the quality of financial information (IFMIS, IPSAS)
- PFM education and professionalization
- Revenue mobilization and control
- Citizen and media engagement in budget and audit oversight
- Leveraging partnerships

**Frontier Issues**
- Beyond Financial Reporting, the need for integrated thinking and impact measurement – including on environment, social and sustainability
- Using Big Data to determine patterns and correlations in order to improve efficiency, transparency and accountability
Thank You

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