

CFRR»

Centre for Financial
Reporting Reform



WORLD BANK GROUP
Governance



Your partner in financial reporting reform

The page features decorative geometric shapes in the corners. The top right corner has overlapping teal and orange triangles. The bottom right corner has a complex arrangement of overlapping triangles in teal, orange, pink, and grey. The text is centered on the right side of the page.

OUR MISSION:

Building strong institutional frameworks
and developing capacity in financial
reporting to support private and financial
sector development, sustainable growth,
and shared prosperity.

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ACCOUNTING AND DEVELOPMENT

Economic growth is key to ending extreme poverty and boosting shared prosperity for developing countries. Growing economies create jobs, generate income, produce social benefits and attract investments. But to function optimally, economies and markets need correct, timely and reliable financial information.

Producing trustworthy financial information requires sound national accounting and auditing frameworks, adequate and realistic requirements, and effective mechanisms to ensure compliance. All these components build the foundation for transparent and accurate financial reporting processes.

Reliable corporate financial reporting

gives investors and owners an accurate understanding of the financial viability and performance of the business, provides detailed information for creditors to make informed lending decisions to help businesses develop and grow, and gives regulators a clear picture of financial institutions' credit exposure.

Trust in the accuracy of financial information expands the access to and reduces the cost of credit, and enables the efficient operation of private and state-owned enterprises. Enhanced supervision reduces the risk of crises in the financial sector and increases financial stability, allowing capital markets to develop and flourish.

Additional investment allows businesses to boost their competitiveness, increase trade, expand into new markets and create more jobs.

The World Bank recognizes the importance of strong accounting, auditing, and reporting frameworks as part of a broad-based and sustainable development strategy. This is of particular importance to developing economies, whose strategic development goals include significant efforts to improve the business climate, increase access to

finance, strengthen the financial sector and promote private sector-led growth. Effective financial reporting systems therefore serve as a strong underpinning for a country's development.

Through helping client countries to build strong accounting, reporting, and auditing practices, the Centre for Financial Reporting Reform promotes and contributes to sustainable and equitable private sector-led growth, strengthened governance and businesses accountability.

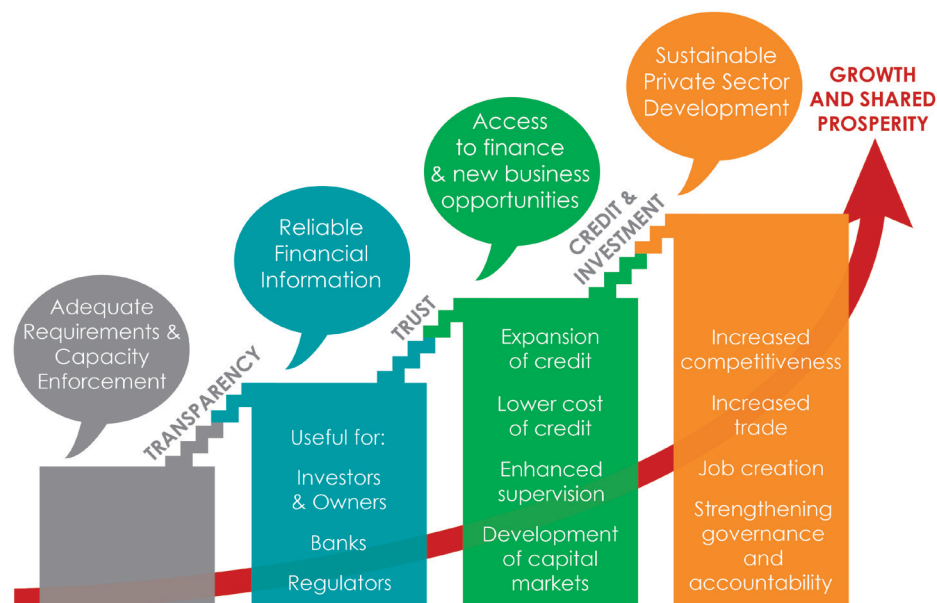
"No transparency - no trust

no trust - no credit

no credit - no investment

no investment - no growth!"

— Martin Grüll, CFO, Raiffeisen International



WHO WE ARE

The World Bank's Centre for Financial Reporting Reform (CFRR) was established in 2007 in Vienna, Austria, in response to demand from countries in Europe and Central Asia for expert advice and technical assistance in reforming their financial reporting and auditing frameworks. Our goal is aligned with the World Bank's mission of ending extreme poverty and boosting shared prosperity.

As part of the World Bank's Governance Global Practice, CFRR is focused on enhancing corporate financial reporting practices and reform support in our partner countries across Europe and Central Asia.

We are a team of professionals providing a range of diagnostic assessments, technical assistance, and knowledge and convening services to our partner countries in the area of corporate financial reporting and auditing.

CFRR enjoys the support of Austria, Luxembourg, the Swiss Confederation, the European Union and a number of strategic partners including international standard-setters and professional organizations.

CFRR's engagement is built on our:

- **Global knowledge:** we offer expertise in all aspects of the reform process, and make full use of our access to the range of World Bank

knowledge and resources.

- **Independent, objective and tailored assistance:** we recognize that a "one size fits all" approach does not work in a diverse regional context, so we engage with partner countries to develop frameworks that fit their specific needs and circumstances.

- **Convening ability:** we continuously reinforce our strong links with institutions involved in financial reporting in Europe and around the world, including standard-setters, regulatory agencies, the accounting profession, academia, and the business community.

- **Local connections:** we have a strong local presence through our network of World Bank country offices in most partner countries. We are able to leverage existing relationships with in-country stakeholders and expand upon them throughout the dialogue and reform process at a country level.
- **Publications:** recent publications include:

- Practical guide for PAOs on continuing professional development for accountants
- Banking Supervisors and External Auditors: Building a Constructive Relationship
- Guide to Corporate Sector Accounting and Auditing in the *Acquis Communautaire*

You can find more information at www.worldbank.org/cfrr.

CFRR AT A GLANCE

Delivered

over **100** events at **regional & national** levels benefiting over **7000** participants

Staff

20 in Vienna
plus a network of experts

in Almaty, Chisinau, Kyiv, London, Paris, Prague, Sarajevo, Skopje, Tbilisi, Warsaw, Washington, DC and Yerevan

Working with

over **30** countries

Financial Partners

- MoF, Austria
- Austrian Development Cooperation
- European Union
- MoF, Luxembourg
- SECO, Switzerland
- FIRST Initiative

...& more

Knowledge Partners

- European Union
- IFAC
- IFRS
- MoE, Austria
- MoF, Poland
- EFRAG

...& more

WHAT WE DO

CFRR offers a wide range of services to partner countries in the area of financial reporting and auditing:

Identifying issues

CFRR regularly conducts diagnostics to identify issues and problems in national financial reporting and audit systems and recommends solutions. Initial diagnostics are used as a baseline against which progress and the success of reforms can be assessed. In addition to country-specific diagnostic work, CFRR produces publications on specialized areas of interest.

Providing assistance

Our diagnostics form the basis for CFRR expert technical advice and detailed support through the different stages of reform implementation. This includes: supporting the development of legislative frameworks; encouraging institutional strengthening; promoting modern educational methods and tools; and building the capacity of local experts through our targeted technical assistance projects. We have supported several countries in establishing and/or strengthening public oversight bodies for the audit profession. We have also supported the development of quality assurance systems for external audits in many countries including Albania, Croatia and the Czech Republic.

Sharing knowledge

We promote the dissemination of knowledge and good practice, and

the sharing of expertise among partner countries in many ways. Regular CFRR conferences convene ministers and other senior policymakers to assess reform progress and maintain ongoing commitment at the highest levels of government. We bring financial reporting enthusiasts from around the region together into thematic “communities of practice (CoPs)” in accounting and auditing, for example in areas such as education and standards. We also organize a wide range of face-to-face training workshops and virtual seminars. All the training and workshop materials, videos, and other relevant information are published on the CFRR website and disseminated through our newsletter.

Reaching out through partnerships

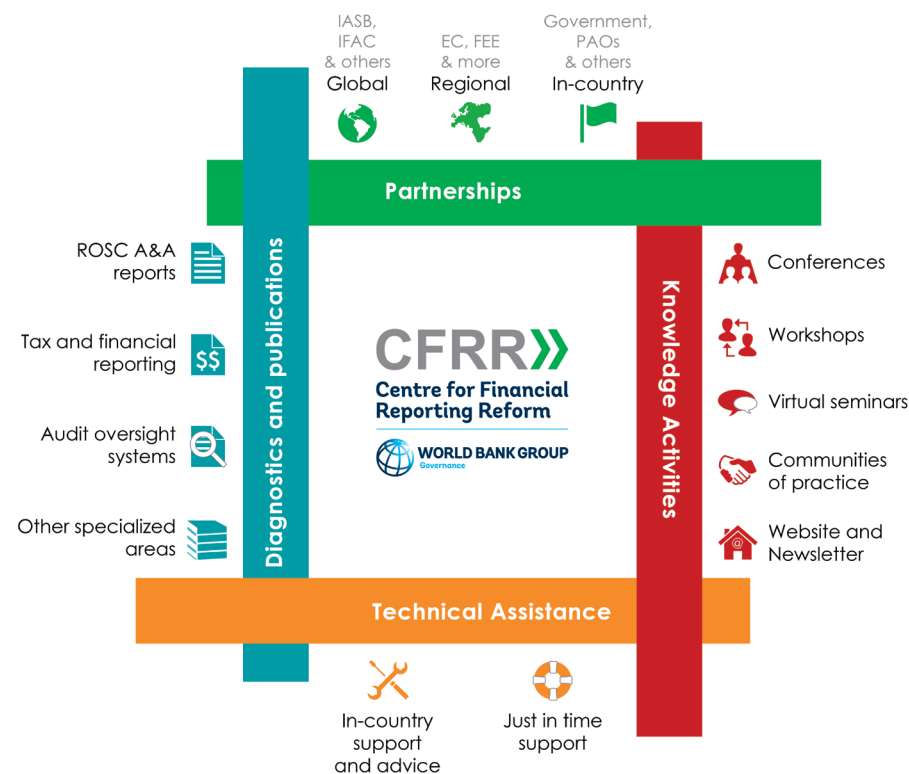
We cooperate closely with our global contacts and cultivate our extensive international, regional, and bilateral partnerships to benefit our partner countries. We promote the application of international benchmarks and standards with the support of global organizations such as IASB (International Accounting Standards Board), IAASB (International Auditing and Assurance Standards Board), IFAC (International Federation of Accountants) and OECD (Organisation for Economic Co-operation and Development). The European Commission is a close partner and we work together to ensure that

policy tools and advice are aligned with EU requirements. We engage with donors to secure funding to support our programs and partner countries’ reform efforts. We develop and build enduring contacts in all partner countries with dedicated teams assigned to each.

The CFRR specializes in a range of technical practices, which include:

- Accounting and auditing standards;

- Audit regulation and public oversight;
- Accountancy education and professional development;
- Financial reporting in banking and insurance sectors;
- Financial accountability, transparency and controls in state-owned enterprises.



OUR PROGRAMS

The Financial Reporting Technical Assistance Program (FRTAP)

has supported new EU Member States in implementing sustainable regulatory and institutional frameworks and applying the *acquis communautaire* effectively in the area of financial reporting.

Funding provided by: Partner countries with financial support of the Swiss Confederation

The Strengthening Auditing and Reporting in the Countries of the Eastern Partnership (STAREP)

supports these countries in adopting and implementing international standards and aligning their financial reporting frameworks with international best practices and EU standards.

Funding provided by: Austria, European Union, Luxembourg, and the Swiss Confederation

Reports on the Observance of Standards and Codes on Accounting and Auditing (ROSC A&A)

have been completed in 29 countries. They analyze the compliance of accounting, reporting and audit systems with international good practice and assess institutions' capacities to implement and enforce such systems.

Funding provided by: World Bank, partner countries

Ongoing country-specific projects

Funding provided by: the Swiss Confederation, the Government of Kazakhstan, and the World Bank Institutional Development Fund.

As part of the World Bank Governance Global Practice, CFRR collaborates closely with other World Bank teams working on financial reporting reforms across the world.

The Road to Europe: Program of Accounting Reform and Institutional Strengthening (EU-REPARIS)

supports Western Balkan countries in integrating more closely with the EU and the EU's internal market by aligning their corporate reporting frameworks with the EU *acquis communautaire*.

Funding provided by: The European Union as an integral part of the Technical Assistance Facility of the Western Balkans Enterprise development and Innovation Facility.

Completed projects

CFRR has completed a number of projects that have benefited its client countries. A detailed description can be found at: www.worldbank.org/cfrr

*This designation is without prejudice to positions on status, and is in line with UNSCR1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

AREAS OF FOCUS

Supporting financial reporting reforms

CFRR maintains reform momentum in partner countries at the national level through bilateral meetings, in-country engagement and technical advice on specific issues. These include:

- Engagement with all levels of government and society to reinforce the importance of the corporate reform agenda.
- Convening thematic high-level events, such as biennial Ministerial Conferences, and holding regular Senior Officials Workshops for the Ministries of Finance, Ministries of Economy and other organizations in charge of implementing financial reporting reforms in our partner countries.

“The REPARIS program and especially the CFRR team have provided important support to the Montenegrin authorities in promoting corporate financial reporting and building institutional capacity. With enormous and needed support of the CFRR team we are engaged in a national project that will establish the public oversight in accordance to the newest requirements of the EU. The assistance will help us in building the audit profession as well as in the EU accession process.”

— Ana Krasmanovic
Director General for the
Central Harmonization,
Ministry of Finance,
Montenegro

- Assisting newer EU member states to implement EU requirements correctly in the area of financial reporting.

- Advising countries seeking to join the EU on harmonizing national laws to meet EU requirements.

- Input to drafting and implementing new national laws on financial reporting and updated institutional frameworks.

- Conducting virtual seminars which are broadcast into 14 countries, reaching over 1,200 participants, to support the development of sound accounting, auditing and financial reporting systems.

“Serbia has found the CFRR to be a valuable partner in our work to reform the financial reporting framework. In our experience, the CFRR offers high quality technical advice and a depth of understanding and support through the process of reform. This was illustrated in our close and detailed cooperation in establishing a new legal framework in accounting and auditing in Serbia, and we trust will continue through its implementation.”

— Zlatko Milikic
Assistant Minister of Finance,
Serbia

Professional accountancy development

We work to develop strong and engaged professional accountancy organizations (PAOs), helping them understand the common challenges across the region, and work together towards building robust and sustainable bodies that represent and deliver upon the mission and values established for the profession by IFAC.

How we do it:

- We assist PAOs in the process of applying for membership of IFAC, and formally joining the global community of accountancy bodies.

- We engage with the national professional accountancy and audit associations through a series of regional and in-country training, seminars and digital learning events in cooperation with the standard-setters and leading experts in this field.

- We provide training to local auditor communities with updates on standards, professional issues, and continuous development.

“Being a leader on ideas to help develop and promote the accounting and auditing profession with all stakeholders (government, regulators, PAO, university) in the same room is a brave and smart thing to do - and CFRR through their programs DID IT. Experience, tools, and knowledge gained through the community of practices, add value that all of us can take and implement in our countries.”

— Ardiana Bunjaku
Executive Director, Society
of Certified Accountants and
Auditors of Kosovo (SCAAK)

“Cooperation with CFRR is a real opportunity for our organization to modernize forms of functioning and provision of effective support to our members. Thanks to CFRR we have implemented a modern IT system and provided for training on ISAs, and there are many plans for the future, including assistance in providing relevant qualifications for future members of our self-governing body. Most importantly, the CFRR support is not limited to providing financing for our initiatives, but it is also the partnership, technical support and inspiration for new ideas.”

— Aleksandra Smejda-Rosloniec
CEO, National Chamber of
Statutory Auditors (KIBR),
Poland

Building institutional capacity

CFRR engages with Ministries of Finance, Central Banks, and other regulators to raise awareness of the current financial reporting issues, encourage reform, and address knowledge gaps in key areas such as public oversight, quality assurance of audits, international standards updates and alternative reporting requirements for different sized entities.

How we engage:

- Host workshops on International Financial Reporting Standards (IFRS) updates and issues with partner support from the IFRS Foundation.

- Provide tailored policy advice on a range of issues, including quality assurance and public oversight systems.
- Issue thematic publications on aspects of financial reform, such as the guide to the key relevant aspects of the EU *acquis communautaire*.
- Advise our partner countries on the adoption of IFRS, support the authorized translation of IFRS into the official languages of partner countries and sharing translations where applicable.

“Through reform of financial reporting and auditing systems, the Republic of Belarus aims to improve its business environment, simplify statutory audit requirements for SMEs, and improve the quality of accounting and audit services offered to businesses. We are closely cooperating with CFRR on implementing the World Bank’s recommendations on strengthening the accounting and audit systems to improve institutional capacity and contribute to economic growth in our country.”

— Tatsiana Rybak
Head of Accounting,
Reporting and Audit
Directorate, Ministry of
Finance,
Republic of Belarus

“We have found the REPARIS program valuable in two key ways: as a source of expert knowledge providing up to date information about financial reporting related issues; and in creating a network of like-minded colleagues from other countries to share experiences and ideas.”

— Martina Dvar
Director, Reporting and
Analysis Department,
Croatian National Bank

Educational development

CFRR promotes the development of internationally compatible accounting education at both university and professional development levels.

This involves:

- Bringing together representatives of educational institutions from partner countries to work together in Communities of Practice.
- Developing the provision and quality of continuing professional education / development by working with audit trainers to introduce new ideas and to encourage exchange with peers

on the design, content, implementation, teaching and quality control arrangements for ongoing learning programs.

- Supporting focused partnerships such as between Moldova and Romania, which linked two leading accountancy education providers in order to improve curricula content, implement modern teaching practices and achieve accreditation to international accountancy bodies.
- Strengthening educational capacity, and developing training materials and courses.

“With the World Bank’s support, we have successfully revised our Academy’s curricula and study plans for a bachelor’s degree in accounting and obtained exemption accreditation for the first seven ACCA modules, and hope soon to have the maximum exemption of nine. The main beneficiaries will be our graduates, with better quality education and enhanced professional mobility in EU countries and beyond. We believe that opportunities to participate in various events organized by the CFRR give our professors significant support for further curricula improvement and implementation of modern teaching methods.”

— Valentina Paladi
Dean of the Accounting Faculty of the Academy of Economic Studies of
Moldova

FEEDBACK FROM OUR PARTNERS

“Switzerland strongly supports financial reporting reforms, because transparency and sound accounting infrastructure are essential to promote corporate governance, private sector development and by that also jobs. Therefore the programs led by the CFRR in partnership with the countries of Europe and Central Asia and SECO are very important.”

— Liliana de Sá Kirchknopf
Head of Private Sector Development
Swiss Secretariat for Economic Affairs (SECO)

“Sound financial reporting plays a pivotal role in market economies. The Ministry of Finance of the Grand Duchy of Luxembourg is committed to supporting initiatives in this regard and welcomes the long-standing partnership with the CFRR.”

— Pierre Gramegna
Minister of Finance
Grand Duchy of Luxembourg

“Both REPARIS and STAREP are implemented in a number of the Austrian Development Cooperation’s priority countries and in this way increase the impact of ongoing interventions. CFRR uses innovative methods to foster both intra and interregional economic cooperation, a showcase example for private sector development!”

— Martin Ledolter
Managing Director
Austrian Development Agency

“The Austrian Federal Ministry of Finance has been a long term partner of the CFRR in its efforts to improve financial reporting frameworks, which strengthen private and financial sector development in Europe and beyond.”

— Harald Waiglein
Director General for Economic Policy & Financial Markets
Federal Ministry of Finance, Austria

“Our work with the CFRR in Western Balkan and Eastern Partnership countries is helping to foster greater policy cooperation and economic integration with the EU. Through a wide range of activities that help partner countries develop high quality corporate reporting systems and reflecting good European practice, our collaboration also promotes private sector growth and SME development, and provides investment and employment opportunities.”

— Katarina Mathernova
Deputy Director-General for Neighbourhood and
Enlargement Negotiations, European Commission

“The CFRR’s events are very useful for informing our many stakeholders about the status of ongoing projects and new standards and encouraging their active contribution to our standard-setting process. CFRR is a key partner for us and together we help Central and Eastern European countries better understand and practice IFRS.”

— Philippe Danjou
Board Member
International Accounting Standards Board (IASB)



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