

# REPARIS

Road to Europe: Program of Accounting  
Reform and Institutional Strengthening



## Progress Report

1 January - 31 December 2012



The World Bank Centre for Financial Reporting Reform



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## List of Abbreviations and Acronyms

A&A	Accounting and Auditing	IES	International Education Standards for Professional Accountants
ASEM	Academy of Economic Studies of Moldova	IFAC	International Federation of Accountants
BiH	Bosnia and Herzegovina	IFRS	International Financial Reporting Standards
CFR	Corporate Financial Reporting	IPA	Instrument for Pre-Accession Assistance
CFRCoP	Corporate Financial Reporting Community of Practice	ISA	International Standards on Auditing
CFCU	Central Finance and Contracting Unit (Albania)	MDTF	Multi-Donor Trust Fund
CFREP	Corporate Financial Reporting Enhancement Project (Albania)	M&E	Monitoring and Evaluation
CFRR	Centre for Financial Reporting Reform	MoF	Ministry of Finance
CNB	Croatian National Bank	NAC	National Accounting Council (Albania)
CoP	Community of Practice	NAS	National Accounting Standards
CPD	Continuing Professional Development	OECD	Organization for Economic Cooperation and Development
EBRD	European Bank for Reconstruction and Development	PAO	Professional Accountancy Organization
EC	European Commission	PDO	Program Development Objective
EDIF	Enterprise Development and Innovation Facility	QA	Quality Assurance
EduCoP	Accounting Education Community of Practice	REPARIS	The Road to Europe: Program of Accounting Reform and Institutional Strengthening
EIB	European Investment Bank	ROSC	Report on the Observance of Standards and Codes
EU	European Union	RS	Republika Srpska (entity within BiH)
FBIH	Federation of Bosnia and Herzegovina	SAAA	Serbian Association of Accountants and Auditors
FEE	Federation of European Accountants	SAD	Statutory Audit Directive
FMA	Financial Market Authority (Austria)	SCAAK	Society of Certified Accountants and Auditors of Kosovo
FSB	Financial Stability Board	SME	Small or Medium-sized Enterprise
IAASB	International Auditing and Assurance Standards Board	SMP	Small and Medium-sized Practice
IASB	International Accounting Standards Board	STAR	Strengthening Auditing and Reporting
IEKA	Albanian Institute of Authorized Auditors	XBRL	Extensible Business Reporting Language

### About REPARIS

The Road to Europe – Program of Accounting Reform and Institutional Strengthening (REPARIS) is a multi-donor trust fund (MDTF) that aims to assist countries in adopting and implementing effective corporate financial reporting systems, aligned with the EU *acquis communautaire*. Beneficiary countries currently include Albania, Bosnia and Herzegovina, Croatia, Kosovo, FYR Macedonia, Montenegro, Moldova and Serbia. The MDTF currently finances a World Bank-executed program (referred to as the regional program), which makes available activities to all countries, and a national project in Albania which is led by the Albanian Government. Funding for the REPARIS MDTF is provided by the Austrian Development Agency, the Austrian Finance Ministry, the Grand Duchy of Luxemburg, and the Swiss State Secretariat for Economic Affairs. The REPARIS MDTF is managed by the Vienna-based World Bank Centre for Financial Reporting Reform (CFRR). It was established in late 2008 and is currently due to run until the end of 2013.



## Foreword

We are pleased to present the progress report for the REPARIS program in 2012. The May 31 Ministerial Conference in Vienna and the three accompanying events organized around the Conference gave a clear sense of the progress achieved since 2009. In addition, the participating countries reaffirmed their commitment to the program's objectives. The integrated approach followed by REPARIS has already yielded significant results, in the form of (i) greater awareness of the EU *acquis communautaire* and the need to design tailored reforms to implement it effectively, (ii) a genuine spirit of cooperation among the participating countries, which are sharing their reform experiences and resources, (iii) a stronger accounting and audit profession, and (iv) actual reforms on the ground.

At the same time, much remains to be accomplished in order to bring the participating countries' systems towards full alignment with the *acquis* and to achieve sustained improvements in their corporate reporting and auditing frameworks and practices.

In this respect, 2012 was a year of transition towards a greater emphasis on (a) understanding where significant gaps with the *acquis* remain, (b) tracking progress and results, and (c) implementation support and reform on the ground. The focus on reform implementation will be strengthened in 2013 as part of the transition to "EU-REPARIS", the successor program to the current REPARIS. Moreover, the new regional program for six EU Neighbourhood countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) provides a unique opportunity to leverage the knowledge and resources acquired and developed under REPARIS to the benefit of these countries.

Henri Fortin

Head, Centre for Financial Reporting Reform

January 2013



## 1. Regional Activities

This section presents a summary of activities<sup>1</sup> carried out under the REPARIS regional program during 2012 and describes how the lessons learned in this period will be applied in designing the activities that are planned for 2013. A table then presents in more detail the program activities and intermediate results, in the context of the results framework developed in the first half of 2011.

### 1.1 Main Developments in 2012

#### Driving Reform and Benchmarking EU Alignment

##### *Ministerial Conference brings together ministers, global standard-setters and stakeholders*

The REPARIS Ministerial Conference held on 31 May attracted nearly 200 participants, including ministers and senior representatives from all eight countries participating in REPARIS, along with a wide range of participants from other countries, regional bodies and international organizations, including the European Commission (EC), IASB, IFAC and the FSB. The Conference confirmed the commitment of senior policy-makers to the continued reform of corporate financial reporting and their support for the regional approach of the REPARIS program.

The CFRR organized three complementary and more specialized events around the Ministerial Conference – a workshop for financial regulators on 30 May, a forum for professional accountancy organizations on 1 June (jointly organized with IFAC), and a workshop on financial reporting and auditing also on 1 June. These three events were targeted toward technical, working-level counterparts from the REPARIS countries and allowed participants to discuss in more detail (a) their progress in particular components of financial reporting reform, (b) recent developments in the international and European regulatory frameworks, and (c) future priorities both for REPARIS as a whole and for the work of the individual REPARIS communities of practice (CoPs).

##### *Countries assess alignment with the EU *acquis* and enhance their ability to use concordance tables*

Aligning the REPARIS countries' legal frameworks for corporate financial reporting with the EU *acquis* is a key objective of the REPARIS program. The European Commission's annual Progress Reports monitor the progress that candidate and potential candidate countries are making towards this objective. In order to assist participating countries in assessing how aligned their own legal frameworks are with the *acquis*, the CFRR organized a workshop on the EU *acquis* and the use of concordance tables from 29-30 November in Vienna. Participants left the workshop with a much clearer idea of how to draw up concordance tables and use them effectively and also of how the Commission assesses candidate countries' progress towards adopting the *acquis*. This will help them to draw up more effectively new legislation that complies with the *acquis*.

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<sup>1</sup> A detailed description of each event can be found on the CFRR website.



### *Sustained support to reform on the ground through country-level engagement*

In line with the 2012 REPARIS Program Plan, the CFRR devoted an increased share of REPARIS resources in 2012 to in-country engagement and supporting national reform efforts. This has involved an intensive program of visits, with senior technical experts from the CFRR visiting each of the REPARIS countries to assist with program implementation and technical questions. The visits to Kosovo and Macedonia also contributed to the preparation of updated A&A ROSCs in the two countries. In FYR Macedonia, the CFRR strongly advised the MoF to consider amending the proposed law on accounting services to remove potentially negative effects on the quality of financial reporting and the development of accounting capacity. The CFRR assisted the BiH authorities in preparing a national A&A project but, although this project appeared on the shortlist for IPA support, it was not selected for funding. The CFRR also participated in the roundtables held in each eligible REPARIS country to discuss the priorities for the new EDIF program, of which EU-REPARIS, the successor program to REPARIS, will be a part.

### *CFRR gauges user satisfaction to monitor results*

From the start of the REPARIS program, the CFRR has sought feedback from program participants to find out their views of the success of particular elements of the program and their suggestions of how the program can be improved. As part of this process, the CFRR carried out a survey of attendees at the May 2012 Ministerial Conference and its linked events. The responses showed a high level of satisfaction with both the content and organization of the series of events. Participants thought that the Conference had focused on the key topics and commented favorably on the quality of speakers. Suggestions for improvement included calls for more interactive discussion and a greater focus on practical details and the implementation of reforms for the more technically focused workshops (the PAO and Senior Officials Events covered a large range of topics in 1.5 days each). Surveys carried out after other REPARIS events in 2012 produced similar messages, with participants showing a clear preference for more peer group discussion and for materials that were closely linked to issues that they were facing themselves. In November, the CFRR also surveyed recipients of its electronic newsletter to obtain their views on the newsletter and on the CFRR website. The results showed a high level of satisfaction with both the newsletter and the website, particularly among respondents from REPARIS countries, together with some suggestions for improvements.

## **Increasing Practitioners' Capacity**

### *Capacity enhancement in audit regulation and accounting education*

The Accounting Education CoP (EduCoP) and the Corporate Financial Reporting CoP (CFRCoP) held a joint workshop on building effective audit regulation and education, on 7-8 February 2012 in Vienna. The workshop reviewed REPARIS countries' progress in implementing the EU's Statutory Audit Directive, especially its educational requirements, and discussed the latest developments in the EU *acquis communautaire* in accounting and auditing and planned changes to international accounting education standards (IES). Workshop participants also discussed what activities the two CoPs should focus on in the final stages of the REPARIS program.



### *Launching of Train-the-trainers initiative to provide a toolkit for auditors to carry out high quality audits*

In response to country-level and regional demand from stakeholders, the CFRR agreed the need to provide further support for Small and Medium Sized audit Practices (SMPs), in particular in order to allow them to carry out audits in line with current professional standards, such as International Standards on Auditing (ISA), and the requirements of the EU's Statutory Audit Directive. The CFRR decided to utilize a Training of Trainers approach, under which scarce resources would be invested in building the capacity of the PAOs to improve the relevance and quality of continuing professional development (CPD) courses provided to auditors. This approach also contributes to the sustainability of the initiative and PAOs. The CFRR is organizing a series of three "training of trainers" workshops for audit educators. At the end of the three workshops, the aim is that participants should have a Client File Series, containing all the documentation and teaching materials that CPD teachers need in order to present a case study of an SME audit. The first workshop, delivered in September 2012, focused on the initial stages of the audit process. The second workshop in this series will be held on 6-8 February 2013 and the final workshop is planned for late 2013.

### *Banking regulators continue to build their capacity to use IFRS-based financial statements*

The CFRR organized, in co-operation with the Croatian National Bank (CNB), a two-day workshop on 18-19 April 2012 on the implications of recent developments in IFRS and in the EU's system of prudential regulation for banking regulators in South-East Europe. The workshop, which was held at the CNB in Zagreb, was attended by 40 participants and discussed how regulators could use financial statements prepared under IFRS to improve the way that they carried out their supervisory duties. In addition to gaining a better understanding of the changes that the new reporting standard on financial instruments (IFRS 9) is likely to bring, participants learned how the EU's FINREP framework for financial reporting and the XBRL taxonomy could make their financial and prudential reporting systems more effective.

### **Program development and extension**

#### *Confirmation of the continuation of REPARIS beyond 2014*

The current REPARIS program is due to end by 2014. However, the process of reform of corporate financial reporting in the REPARIS countries will not be completed by then and the participating countries have expressed strong support for the work of REPARIS to be continued beyond its planned end date. Over the last year, the CFRR has been working with its partners to design a successor program for REPARIS. In the first half of 2012, the EC's Directorate General for Enlargement agreed to support EU-REPARIS, a successor program to REPARIS which will focus on the reform of corporate financial reporting in the candidate and potential candidate countries of the Western Balkans, with a particular emphasis on the needs of small and medium-sized enterprises (SMEs). EU-REPARIS will form part of the Enterprise Development and Innovation Facility (EDIF), a new program to assist the development of high potential SMEs in the Western Balkans which was launched in December 2012. All the countries participating in REPARIS with the exception of Moldova (which is not a potential candidate for accession to the EU), will take part in EU-REPARIS, which is planned to start in 2014. At this stage, the CFRR is working with the EC and EDIF partners on the administrative and operational way forward.



### *Progress toward a new program for the countries of the “Eastern Partnership”*

Following a request by donors and building on the CFRR’s existing engagement in the countries of the Black Sea and South Caucasus area (referred to as the countries of the “Eastern Partnership” or EaP), the CFRR has developed a new regional program to support corporate financial reporting reform in these countries. The program – Strengthening Auditing and Reporting in the Eastern Partnership countries (STAR/EaP) - will have a similar approach to REPARIS. It will be based on regional co-operation, peer learning, and knowledge transfer and will bring together stakeholders from Azerbaijan, Armenia, Belarus, Georgia, Ukraine and Moldova (a beneficiary of the current REPARIS program). The detailed program concept note has gone through the World Bank’s internal quality review and clearance processes and has now been finalized. It is expected that the launch event will take place in the second quarter of 2013. As part of the initial phase of the new program, representatives from the countries taking part in STAR/EaP will be invited to participate in some REPARIS events in 2013. In terms of administrative aspects, together with donors, the REPARIS multi-donor trust fund was identified as the most suitable and effective umbrella to manage this program. The Austrian Finance Ministry and the Austrian Development Agency have made initial contributions totaling EUR 2.2 million to the new program.

## **1.2 Lessons Learned and Outlook for 2013**

The CFRR continues to adapt its approach to the implementation of REPARIS to take account of experience gained during the program and, in particular, to respond to the feedback received from program participants. Two main lessons were learned in 2012, which were highlighted during the discussions at the May 31 Ministerial Conference:

- 1) While those currently responsible for implementing corporate financial reporting reforms are committed to the reform process, a broader base of support for reform needs to be created in governments and the business community in order to reduce the danger that personnel changes in a small number of key positions could significantly delay progress in designing and carrying out reforms. In particular, whereas the finance ministries of the REPARIS countries continue to be committed to the program, it is important that other ministries responsible for economic policy, such as ministries of trade and industry, become more aware of the benefits of effective corporate financial reporting and more involved in REPARIS, and
- 2) Participants gain the greatest benefit from workshops and learning events that are based on practical examples or that provide them with tools which they can then directly apply in their own national environments. In particular, the first training of trainers workshop on audit education and the corporate financial reporting workshop on the preparation and use of concordance tables were both assessed very positively by participants.

The REPARIS Program Plan for 2013, which the CFRR has drawn up in parallel with this progress report, is designed to respond to these findings. It emphasizes in-country engagement, with a full program of visits to national governments, regulatory bodies and PAOs to assist them in dealing with specific problems. The scope of these visits will be expanded to include a wider range of stakeholders in CFR reform, including government ministries outside the finance ministry that may have an influence over the financial reporting framework for business.





The program of face-to-face events in 2013 increases the focus on providing tools that can quickly be adapted to local needs and can easily be applied in practice. In addition, the program puts increased emphasis on sustainability and scaling its impact by focusing on creating in-country capacity. In particular, the CFRR plans to complete the series of audit train-the-trainers workshops in 2013. This will provide audit trainers in the region with a full set of materials to take their students through an ISA-compliant audit of an SME. The workshops organized by the “CFR-CoP” will have an increased emphasis on practical assistance in aligning domestic legislative frameworks with the *acquis* and in the operational aspects of creating and running the institutions and systems required to comply with the Statutory Audit Directive. The CFRR will continue to use distance learning events to facilitate knowledge transfer to a wider group than can attend the face-to face events.

The ROSC-A&A reports will continue to be useful tools for monitoring progress and engaging key counterparts and in-country stakeholders. The CFRR plans to finalize the updated ROSC-A&A report for Macedonia in the 1<sup>st</sup> half of 2013 and to share the conclusions of the Kosovo report in Pristina in the 1<sup>st</sup> quarter of 2013.

The CFRR will draw on the results of the survey of recipients of the CFRR newsletter to adapt its approach to communicating with its intended audience. The CFRR website is due to be redesigned in 2013 as part of the general modernization of the World Bank’s web presence. The CFRR will seek to ensure that the new design of the website will make it easier for users to access the information that they find useful, especially, news items on developments in financial reporting and regulation and the background material from CFRR events.

In addition, the 2013 program plan will be designed in such a way to ensure a smooth transition from the present REPARIS program to the successor programs EU-REPARIS and to maximize the synergy with the new “STAR-EaP” for the Eastern Partnership countries.



### 1.3 Activities and Results by Component

Activity/Objectives	Key inputs and outputs 2012	Key intermediate outcomes 2012	Overall program status
<b>Component 1: Reform Momentum and Regional Cooperation</b>			
Component 1 aims to foster support for the program's objectives and commitment to its effective implementation from Ministers of Finance, their Deputies and Senior Officials.	The <b>REPARIS Ministerial Conference</b> on 31 May discussed how financial reporting can help the region deal with the economic problems raised by the financial crisis and the current difficulties in the euro zone.	Ministers from eight countries of South-East Europe and a Vice-President of the World Bank were among nearly 200 participants from 27 countries at the conference. Ministers reviewed the Program's progress and stressed REPARIS's contribution to improving the business climate and assisting in adopting the <i>acquis</i> . Ministers endorsed the program's continuation beyond the current program end date of 2013. The EC's D-G for Enlargement announced plans to allocate funds to EU REPARIS.	Beneficiary countries show a high degree of reform awareness and an enhanced level of knowledge at the senior official and political levels, as well as at the expert level. REPARIS events are well attended. A reasonable degree of cooperation and experience sharing between beneficiaries has been established and a climate of joint-learning created.
	At the request of the EC, REPARIS provided technical assistance to in-country round table discussions to help identify reform priorities under EDIF, including financial reporting. In conjunction with in-country engagement (ICE) discussions with senior officials, missions were conducted to all REPARIS countries.	The REPARIS ICE Program helped each country to shortlist reform priorities for the EDIF program. This complements the planned EU-REPARIS program. Most countries identified topics relevant to EU-REPARIS as key reform areas (access to finance, entrepreneurial learning, and modernizing the financial ecosystem to support the development of SMEs). EDIF was formally launched in December 2012. Continued dialogue ensures reform ownership and buy-in through regular briefing of senior officials on technical and EU level developments.	From qualitative assessments such as back to office reports, it is clear that in-country engagement and dialogue has generated an increased level of stakeholder commitment. Countries are fully aware of reform requirements in regard to implementation of the <i>acquis</i> . User surveys and beneficiary requests show that stakeholders value REPARIS as a source of information (i.e. help desk) and provider of guidance, and technical assistance. Challenges ahead include maintaining the current level of commitment and engagement.



Activity/Objectives	Key inputs and outputs 2012	Key intermediate outcomes 2012	Overall program status
	Senior officials from several REPARIS countries participated in the FRCoP event held on 29-30 November 2012 in Vienna. For further details see below.	This event, which focused on the detail of transposing the A&A acquis, featured presentations by the EC on their approach to screening the legislation, and provided updated tools to support this.	The request from senior officials from the candidate countries to attend this event demonstrates an increased level of commitment to the reform efforts required to complete the transposition process
<b>Component 2: Curricula Development and Education and Training Reform in Accounting and Auditing</b>			
Component 2 aims to promote internationally compatible accounting education at (i) university level; (ii) for professional qualification; (iii) for continuing professional development.	The EduCoP and CFRCoP organized a regional workshop on audit regulation and education in Vienna on 7-8 February 2012 to review progress and share experiences with regard to implementing and transposing the Statutory Audit Directive (SAD).	Participants shared their experiences in implementing the provisions of the SAD. Lessons learned from successful implementation of quality assurance were disseminated.. The two CoPs agreed to develop a “training of trainers” course on ISAs to be delivered later in 2012.	PAOs in the region have made more progress than national policy-makers in requiring professional accountants and auditors to be trained in line with IES. All countries now have PAOs that are IFAC members, a condition of which is to implement IES, though the quality of implementation varies. Support has been requested to assist the weaker PAOs to catch up with their more developed peers. The statutory frameworks in Croatia, FYR Macedonia and Serbia comply with the education requirements of the SAD. The other countries show partial compliance. All countries face challenges in implementing these laws. Consultations with IFAC suggest more accountants and auditors now meet requirements for IES and CPE; however, a formal survey is pending. Further work is required in promoting the adoption of accounting and audit education within the university sector and in building durable links between universities, PAOs and regulators.
	PAOs from 27 countries attended a joint CFRR-IFAC regional forum for professional accountancy organizations (PAOs) on 1 June. The forum discussed how professional accountants could improve their ability to provide business advice and how to create a sustainable structure for the profession which served the public interest.	Participants gained first-hand information about the issues that SMPs face in seeking to offer a broader set of services. They also familiarized themselves with the tools that IFAC offers to SMPs. Participants also explored issues regarding the sustainability of PAOs and how these could be addressed..	
	The EduCoP and CFRCoP held a “training of trainers” workshop in Vienna on 24-26 September. This workshop, the first in a series of three, was aimed at PAOs developing CPD courses for auditors implementing ISA and developing QA procedures.	By the end of the three workshops, the participating professional bodies and educators will be equipped with the capacity to deliver high quality ISA compliant CPD courses for auditing, addressing a specific challenge faced by SMPs, not only within the REPARIS region, but globally.	



Activity/Objectives	Key inputs and outputs 2012	Key intermediate outcomes 2012	Overall program status
<b>Component 3: Moving Forward in Accounting and Auditing</b>			
(i) Financial Reporting and Audit and Oversight aims to promote the implementation of corporate financial reporting systems that are aligned with the <i>acquis</i> and meet the needs of users of financial statements, and to promote the quality of external audit by assisting in the implementation of the SAD.	For details of the joint workshop on audit regulation and education on 7-8 February 2012, see Component 2.	See Component 2 above.	With the support of REPARIS, the majority of countries have completed concordance tables. These show significant progress in aligning the legal framework with the <i>acquis</i> , though this varies between countries. Even when laws are aligned, their implementation remains a challenge. Although the definitions of PIEs have been broadly harmonized, a shared definition of SMEs is lacking. SME standards including the IFRS for SMEs have been widely promoted and have been adopted in Croatia, Macedonia and BiH. Limited resources have been devoted to the links between tax and accounting and challenges remain. Feedback from the IASB and IFAC shows that the process for updating and translating standards is now more sustainable. Challenges lie ahead with regard to systems for registration and quality assurance of auditors.
	A financial reporting and auditing workshop for senior officials and other policy-makers from the countries participating in REPARIS on 1 June looked in more detail at recent international developments in accounting and auditing and the challenges that the REPARIS countries face in implementing EU directives in corporate financial reporting.	As a result of the workshop, participants are fully up to speed on recent international developments in accounting and auditing regulation (EC, IAASB, IASB, FEE).	
	A financial reporting workshop held on 29-30 November in Vienna reviewed how the EC assesses candidate countries' progress in aligning their legal frameworks with the EU <i>acquis</i> . Participants were also informed of recent developments in updating the accounting and statutory audit directives.	Participants have a better knowledge of how the EC monitors their progress and received useful assistance in constructing concordance tables showing the extent of alignment with the <i>acquis</i> in corporate financial reporting.	
(ii) IFRS for Regulators aims to help financial sector regulators enhance their use of IFRS for regulatory purposes.	A workshop for banking regulators organized jointly with the CNB on 18-19 April in Zagreb discussed the implications of recent developments in IFRS and in the EU's system of prudential regulation for the region's banking regulators.	Participants are more familiar with the implications of the latest changes in the international and EU regulatory frameworks.	Qualitative feedback shows a high degree of agreement among financial supervisors on using financial statements for regulatory purposes. Supervisors have an increased demand for high quality financial reports; central banks make IFRS statements a requirement for banks. Supervision reports and case studies show supervisors can now use IFRS more effectively. Challenges remain in facilitating discussions between regulators, regulated entities and auditors.
	A regional workshop on 30 May brought together financial supervisors from the REPARIS countries with international experts to discuss recent developments and how auditors can contribute to bank supervision.	Participants are much more aware of the benefits of using auditors to improve bank supervision.	



Activity/Objectives	Key inputs and outputs 2012	Key intermediate outcomes 2012	Overall program status
<b>Component 4: Implementation Support, M&amp;E, Results Framework and Knowledge Management</b>			
<b>(i) Implementation Support</b> aims to assist countries in shaping and implementing national reform efforts, drawing on lessons learned from the experience of other countries in the region.			
<b>Albania</b>	Activities under regional REPARIS provided support to local institutions. To ensure timely delivery, the CFRR is providing monitoring and program management support on a daily basis. For more detailed information, see the CFREP section below.	The first 3 components of the national project (CFREP) are underway. Major deliverables have been made on Component 1 (concordance tables) and Component 2 (accounting standards setting). For more detailed information, see the CFREP section of this report below.	Please see country-specific table.
<b>Bosnia and Herzegovina</b>	Policy discussions held in Republika Srpska (RS) and the Federation of Bosnia and Herzegovina with the respective MoFs, financial supervisors and representatives of the A&A profession. The implementation of ROSC recommendations was monitored. Audit training was provided in Banja Luka as part of the support to the CPD system of the RS Association of Accountants and Auditors.  Two missions provided in-depth briefing to Chamber of Auditors, including the Chamber's general assembly, on methodology for quality assurance.	The CFRR has helped the MoFs to identify priority actions. Lack of capacity remains a barrier to implementing the A&A ROSC recommendations. Over 100 audit professionals gained in-depth understanding of audits performed according to ISA.  The FBiH Chamber of Audit Control has adopted a methodology on quality assurance.	
<b>Croatia</b>	A two-day seminar on IFRS and prudential regulation was held at the CNB during which the FMA (Austria) shared their experience in reviews of IFRS financial statements. Preliminary discussions on the possibility of a booklet summarizing Croatia's experience with implementing the acquis were held.	40 CNB staff enhanced their capacity for reviewing banks' financial statements prepared under IFRS, a key aspect of modern financial supervision.	



Activity/Objectives	Key inputs and outputs 2012	Key intermediate outcomes 2012	Overall program status
<b>Kosovo</b>	Three missions undertaken to prepare the A&A ROSC Update, incl. meetings with all stakeholders including Central Bank, MoF, local PAO (SCAAK) and Financial Reporting Council. The ROSC Update was discussed with MoF and, after some amendments, was finalized. The CFRR was active in discussions on further improvements in the legislative and regulatory framework.	Kosovo stakeholders are active participants in regional activities. These activities have made the MoF and SCAAK aware of the need for further work to align the national reporting framework with the <i>acquis</i> .	
<b>FYR Macedonia</b>	Two missions undertaken to start work on the A&A ROSC Update. The CFRR engaged a national consultant, and undertook a wide range of meetings with stakeholders in CFR reform.	The Chamber of Auditors has completed the second round of QA reviews of audit firms. The Government has enacted the public oversight requirements of the 2010 audit law by appointing members of the Public Oversight Board. The Government has adopted a new law to regulate the provision of accounting services.	
<b>Moldova</b>	<p>A round table on modernizing A&amp;A curricula and a workshop on building effective regulation and education were held.</p> <p>The CFRR helped the leading university (ASEM) to modernize its curricula and the MoF to prepare a draft transposition table of auditing legislation. An exchange visit to Bucharest took place in December 2012 as part of a project (funded by the South-South Exchange Facility) to improve A&amp;A curricula. The CFRR is updating the A&amp;A ROSC to reflect changes since the previous ROSC in 2004 and to provide policy recommendations for the next phase of reforms (some support for CFR reforms in Moldova is envisaged under the STAR/EaP).</p>	<p>A consensus has been reached among key stakeholders on how to develop new core A&amp;A curricula for universities aligned with good international practice.</p> <p>ASEM submitted an application for accreditation with an internationally recognized accountancy body and received a preliminary assessment in September 2012. The exchange visit to Romania raised awareness in academia and the profession in Moldova of the content of modern accounting education curricula. This will enable reforms in this area to be continued. The first results are expected in 2013 and the first modernized courses are expected to be introduced in the 2013/2014 university year.</p>	



Activity/Objectives	Key inputs and outputs 2012	Key intermediate outcomes 2012	Overall program status
<b>Montenegro</b>	<p>The CFRR undertook a number of missions to Podgorica, aimed at providing technical support to all stakeholders to strengthen Montenegro's CFR system.</p> <p>CFRR specialists supported the annual congress of the Institute of Certified Accountants of Montenegro (ICAM) in Becici, Montenegro from 17 to 19 October 2012. Theme of the Congress was "Building a world class financial reporting system to support Montenegro's EU accession and economic goals"..</p> <p>CFRR staff worked closely with the MoF and other stakeholders to develop a Proposal for an IDF Grant to support the implementation of CFR in Montenegro. The application was successful and the IDF awarded a grant of \$500,000 to support the Ministry of Finance in achieve clearly specified ambitious reform objectives in 2013/2014</p> <p>On 10-11 December, 2012, a CFRR team delivered a seminar on bank accounting to banking supervisors at the Central Bank of Montenegro (CBM). The seminar's main objective was to help CBM staff deepen their understanding of IFRS and prudential requirements and so enhance banking supervision in Montenegro. The seminar was financed under the Balkan Technical Assistance Facility.</p>	<p>The MoF have drawn up a draft law that aligns audit requirements with the SAD. The PAO has twinned with the Slovenian Institute of Auditors to improve its capacity to deliver higher-quality CPD.</p> <p>With more than 300 delegates, the ICAM (PAO) Congress (supported by the CFRR) was one of the largest CFR events held in Montenegro, and contributed to greater unity of purpose from all stakeholders in CFR reforms. This greater sense of ownership contributed to the CFRR's success in attracting an IDF Grant.</p> <p>The IDF program focuses on full transposition of the EU 7th Directive, establishment of public oversight and quality assurance systems for auditors, and further development of the capacity of the PAO (ICAM). The CFRR will supervise the IDF program, which starts in early 2013, and will use activities under this Component of REPARIS to further accelerate and deepen the reform efforts.</p> <p>CBM participants improved their understanding of current IFRS projects on accounting for financial instruments and EU regulation on prudential requirements, explored how the review of IFRS financial statements can help them to fulfill their supervisory duties, and analyzed the interactions between Basel regulations and IFRS through the use of prudential filters.</p>	



Activity/Objectives	Key inputs and outputs 2012	Key intermediate outcomes 2012	Overall program status
<b>Serbia</b>	The CFRR made three missions to Belgrade to support the MoF in developing new audit and accounting laws and to assist other CFR stakeholders. This include a ToT course on the IFRS for SMEs delivered to more than 100 members of the Serbian Association of Accountants and Auditors (SAAA) and the fostering of a Twinning Agreement between the professional body for auditors and accountants in the Netherlands and the Serbian Chamber of Auditors. This later led to their nomination for IFAC membership by the Dutch PAO.	Initial drafts of new A&A laws completed by MoF staff. The MoF has mandated formal implementation of ISAs. Though elections have delayed approval of new laws, the new Serbian Government has expressed its commitment to achieving an even greater degree of alignment with the <i>acquis</i> , and also building on existing capacities within the PAO sector  The SAAA signed a reciprocal recognition qualifications agreement with the FBiH Association to complement a similar arrangement made with the RS Association.	
<b>(ii) Knowledge Management and Results Framework:</b> aims to ensure that the lessons learned and resources developed in the REPARIS program are shared throughout the region.	The results framework was completed in 2011. The CFRR website was upgraded with regard to design, registration services, and materials for events. The CFRR sent out electronic newsletters in January, May and October, with a special newsletter on the Ministerial Conference in June. It also carried out a survey of users in November to gather their views on how useful they found the website and newsletter.	The survey results displayed a high level of satisfaction with both the website and the CFRR Newsletter, with respondents from REPARIS countries showing both a higher level of satisfaction and more intensive use of the website than other respondents.	<p>KM is a major contributing factor to the success of REPARIS. It has helped establish an environment of joint learning and experience sharing among program participants by establishing 2 Communities of Practice and organizing numerous learning events, seminars and conferences. Other KM activities, including the information provided by the CFRR website and the CFRR Newsletter, have facilitated the transmission of knowledge to program participants. Statistics on website traffic and the survey of users in November 2012 show that CFRR's material is frequently used by program participants as well as by other groups outside REPARIS.</p> <p>The results framework was completed and is being used as the road map for implementing REPARIS and track milestones achieved and the program's overall status.</p>





Activity/Objectives	Key inputs and outputs 2012	Key intermediate outcomes 2012	Overall program status
<b>Component 5: Program Management and Administration</b>			
<b>Program management</b>	Completed the progress reports for 2011 and interim progress report 2012 and conducted a virtual review meeting with donors. Completed program plan for 2013 and final progress report for 2012.	Cleared progress reports for 2011 and the interim progress report 2012 with donors and secured approval for the budget for 2011.	Program management continues to ensure smooth management and implementation of the program by providing program planning, progress reporting, budgeting and replenishment, contracting and donor relations as well as overall administration, support, procurement, office maintenance and other.
<b>EU-REPARIS</b>	Completed a draft concept note for a REPARIS successor program (EU-REPARIS) to assist those REPARIS countries with EU pre-accession status from 2014. CFRR held meetings with REPARIS stakeholders, EC, OECD, EIB and others, and participated in in-country round-table discussions at the invitation of the EC.	Confirmed that EU-REPARIS will be an integral part of the EDIF technical assistance program with a tentative funding envelope of EUR 3.6 million for 2014-2016. CFRR assisted in the process for identifying EDIF reform priorities in addition to REPARIS. The CFRR is awaiting confirmation on contractual arrangements from EDIF partners.	
<b>Program for countries of the EU's Eastern Partnership</b>	Presentation to and discussions with stakeholders including Governments, profession and respective Bank departments were conducted in all program participating countries. Completed formal concept note.	All countries have confirmed either in writing or orally participation in the program. The concept note went through the Bank's internal quality review process and was cleared by respective country directors. Together with donors, the REPARIS MDTF was identified as the most appropriate funding vehicle and amendments to the trust fund were implemented accordingly. Total initial funding of EUR 2.2 million contributed by the Austrian Finance Ministry and the Austrian Development Agency was received in December 2012.	



## Types of activities

The following two tables compare the activities that were planned to take place in 2012 as set out in the Program Plan with the outturn. The main divergence between planned and delivered activities was the absence of GDLNs (virtual seminars).

Component	Activity	Planned activities	Delivered activities
<b>Component 1</b>	Ministerial Conference	1	1
	Workshops	1	0
	In-Country Engagement	16	16
<b>Component 2</b>	Workshops	2	2.5 (*)
	GDLNs (virtual seminars)	2	0 (**)
<b>Component 3</b>	Workshops	4	4.5 (*)
	GDLNs (virtual seminars)	6	0 (**)
<b>Component 4</b>	Implementation Support Missions	16	34 (***)

\* 1 joint workshop was hosted under Components 2 and 3

\*\* Updates from regulatory or standard setting bodies were covered in workshops and in-country missions rather than GDLNs. In addition, the introduction of the Training of Trainers (ToT) activity replaced the planned GDLN series.

\*\*\* Includes ROSC missions and missions paid by other sources than REPARIS.

Activity	Planned activities	Delivered activities
Conference	1	1
Workshops	7	7
GDLNs (virtual seminars)	8	0
Mission travels	32	50 (***)

\*\*\* Includes ROSC missions and missions paid by other sources than REPARIS.



## 1.4 Progress by Country

Country	State of financial reporting reform in December 2012
Albania	<p>Albania has achieved significant progress in aligning its CFR legislation with the requirements of the <i>acquis</i>. There are now only a few areas where the law needs further amendments. All the key institutions and functions have been set up, though they require further strengthening. The country has made progress in adopting IFRS, modernizing reporting standards for SMEs, establishing a chamber of auditors (IEKA), and setting the basis for public oversight system.</p> <p>The national project, CFREP focuses on four areas: (i) further legislation alignment – a roadmap is planned to be adopted in 2013; (ii) modernizing accounting standards setting and adoption – an updated translation of IFRS will be issued in 2013, national accounting standards will be modernized and the capacity of national accounting council is being strengthened; (iii) setting up an effective oversight system, including clarifying the roles and responsibilities of the oversight board and Chamber of auditors (IEKA) - pilot quality inspections are being prepared and will be rolled out in 2013.</p> <p>Key strategic decisions have yet to be made in the area of public oversight – the legal status and funding of the POB, funding of IEKA's quality assurance function and moving away from peer-review system. The CFRR is advising the Albanian Government on these issues through regional knowledge sharing activities and through implementation support of the national CFREP.</p>
Bosnia and Herzegovina	<p>The complexity of governmental arrangements in Bosnia and Herzegovina complicates the accounting framework, with different arrangements in place in the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska. This complexity also impeded the availability of 2012 IPA funding for a corporate financial reporting project.</p> <p>The CFRR followed-up on the recommendations in the 2011 ROSC report in April and May 2012 and found that little progress had been made on quality assurance of statutory audits; the public oversight function has yet to be established in both entities. In June 2012, CFRR delivered a one-day seminar on ISA to an audience of around 90 auditors in Banja Luka.</p> <p>In October 2012, the Chamber of Auditors of the FBiH adopted a manual for reviewing the quality of audit work based on the Croatian Chamber of Auditors' manual. The CFRR conducted two missions to assist the Chamber in implementing the manual.</p>
Croatia	<p>Despite leadership changes in 2012 in both the Ministry of Finance and the Croatian Chamber of Auditors, the Chamber's quality assurance unit and the public oversight committee continued to operate normally.</p> <p>Both institutions have shared their experience of CFR reform with other REPARIS countries at several REPARIS events. In addition, the Croatian National Bank co-hosted with CFRR a REPARIS seminar for banking supervisors. The CFRR initiated the preparation of a publication to showcase Croatia's successful experience in adopting and implementing the <i>acquis</i>.</p> <p>Further efforts will be needed in 2013 to sustain Croatia's quality assurance and the public oversight systems, in particular with respect to the need to continue improving audit methodologies.</p>
Kosovo	<p>The CFRR completed the draft update ROSC-A&amp;A report for Kosovo. The report underscores the need for continued capacity-building support at all levels of the financial reporting infrastructure, especially in quality assurance and public oversight. The new government has agreed to the findings of the report and has signaled its willingness to implement its recommendations, especially as regards elements of the financial reporting framework that were not addressed in the 2011 A&amp;A Law. The report will be disseminated in the 1<sup>st</sup> quarter of 2013 at an event in Pristina.</p>
FYR Macedonia	<p>The EC Progress Report for 2012 indicates that FYR Macedonia has made some further improvements in the statutory framework for CFR. The government adopted a new Law on Accounting Services, upon which the CFRR provided extensive comments. The MoF also finally</p>



Country	State of financial reporting reform in December 2012
	<p>enacted the public oversight system established in the 2010 Law on Auditing by appointing the members of the public oversight board. Further progress has been made on audit quality assurance, with the completion of the second cycle of inspection visits to audit firms by the Chamber of Auditors, though the EC Progress Report for 2012 referred to the need for further capacity development of the Chamber to sustain this effort.</p> <p>Missions to Skopje focused on the initial information gathering for the ROSC-A&amp;A update. Completion of the ROSC was deferred to 2013 as the MoF was focusing on reforms focused on the Law on Accounting Services and planned amendments to the Audit Law.</p> <p>The focus for 2013 will be on completion of the ROSC-A&amp;A, development of an action plan to implement the ROSC recommendations, and targeted national technical assistance to support the development of capacity of public oversight board and Chamber of Auditors.</p>
Moldova	<p>CFR legislation in Moldova is now more aligned with the <i>acquis</i>. Moldova has established a three-tier financial reporting requirements system, where PIEs are required to use IFRS, and other entities have to apply NAS, while micro entities are subject to simpler requirements. Progress has been achieved in setting up the regulatory framework for public oversight and quality assurance of audit. There has also been some progress in raising awareness of modern accountancy educational methods (in both professional and university education).</p> <p>The CFRR team is currently updating the ROSC-A&amp;A. The conclusions of the report will inform the programming of the CFRR's support for Moldova under the new STAR-EaP program. Furthermore, the CFRR is facilitating an exchange activity with Romanian institutions in modernizing accountancy education curricula (this activity is funded by the South-South Exchange Facility).</p> <p>The main challenges facing Moldova lie in (i) ensuring compliance with existing legislation and (ii) designing a sustainable structure (incl. funding) for the public oversight system, as well as reaching a consensus on the contribution of the profession to quality assurance and public oversight.</p>
Montenegro	<p>Elections in Montenegro in late 2012 led to a change in Minister of Finance, though the commitment of MoF senior officials and in-country stakeholders to CFR reform agenda has remained very high.</p> <p>The EC Progress Report for 2012 highlighted the need for transposition and effective implementation of the Statutory Audit Directive. The CFRR, in conjunction with MoF, agreed a targeted plan to achieve this in 2013/2014. The World Bank has agreed to provide a grant of \$500,000 to implement this plan under the Institutional Development Fund. The project will be implemented by the MoF and supervised by the CFRR.</p>
Serbia	<p>Serbia had elections during 2012, leading to a change in senior officials/Deputy and Ministers of Finance. The CFRR has established a productive relationship with the new team, carrying out several technical support missions at the MoF's request, focused on screening existing legislation for compliance with the <i>acquis</i> and developing proposals for new A&amp;A laws that would be more closely aligned with the <i>acquis</i>. The MoF has requested further support in early 2013, with the aim of supporting the promulgation of new A&amp;A laws in April 2013.</p> <p>The CFRR has facilitated the twinning of the Serbian Chamber of Auditors with their Netherlands peer PAO, and also supported the implementation of CPD on the IFRS for SMEs by the Serbian Association of Accountants and Auditors.</p> <p>The major challenges facing Serbia are (i) securing stakeholder support for new EU compliant laws, (ii) developing the capacity for their implementation, and (iii) ensuring the long-term sustainability of the institutions involved.</p>



## **2. Albania Corporate Financial Reporting Enhancement Project (CFREP)**

This second section of the report presents a summary of the REPARIS project in Albania, including lessons learned and a table on main activities implemented and intermediate results achieved.

### **2.1 Main Developments in 2012**

Consultants for most activities of the CFREP program have been appointed and implementation is well under way. The appointed consultants have submitted all deliverables of Component 1 (improving the legal framework) and these have been accepted by the beneficiaries. Substantial work has been done on Component 2 (strengthening accounting standards setting). The contract for Component 3 (establishing an audit oversight system) was signed in July 2012, and the first deliverables have been prepared by the consultants. The required hardware and software needed for Component 2 (accounting standards setting) and for most elements of Component 3 have been delivered. Progress in Component 4 (improving accounting and auditing curricula) has been slower. The main reason for delay is that the first attempt to select a qualified consulting firm was unsuccessful. A contract with the selected consultant is now expected to be signed in January – early February 2013.

### **2.2 Lessons learned and Outlook for 2013**

Delays in selecting consultants and signing contracts have been caused by the complexity of the recruitment process and by complications in negotiating contracts. The government remains committed to achieving the project's goals and the Reform Implementation Group, which is in charge of implementing the project and is headed by the Deputy Minister of Finance, has functioned effectively. However, the capacity of the key stakeholders to plan program activities and to manage project resources is limited. To mitigate the resulting risks, the CFRR is supporting the government project administration unit (Central Finance and Contracting Unit, or CFCU) in continuously monitoring processes and deadlines to ensure the successful completion of deliverables.

The remaining deliverables under Component 2 will be submitted by June 2013. These include: (i) finalized draft regulations, procedures and manuals for the National Accounting Council (NAC), (ii) delivery of on-the-job training, (iii) completion of a survey on the implementation of the NAS, (iv) training of NAC staff on IFRS translation, adoption and publication, (v) training on IFRS for SMEs.

With regard to Component 3 the following deliverables are expected: (i) the final report reviewing and documenting the existing external Quality Assurance System; (ii) the submission of the final assessment report on the system of Investigation and Discipline for the statutory auditors and proposals for improvements. The procurement processes and contract signature for building the software of the public register of auditors will be completed in the first half of 2013 (the technical specification for this register is to be prepared with the assistance of the consultants appointed under Component 3). Component 4 will become effective in the first half of 2013, and is expected to be completed by the end of the project (October 2013).



## 2.3 Activities and Results by Component

Activity	Key inputs and outputs	Key intermediate outcomes
<b>Component 1: Improving the legal framework in the area of corporate financial reporting</b>		
This component involves technical assistance and workshops to establish a sound basis for corporate financial reporting legislation in the light of the EU <i>acquis communautaire</i> .	The consultant has delivered the concordance tables, draft amendments to the legal framework and a time bound road map. Support was provided for the development of regulations for the public oversight system.	The program has secured a high degree of awareness among stakeholders and they have participated proactively in the process of updating the legal framework.
<b>Component 2: Strengthening the capacity of the National Accounting Council</b>		
Under this component, the capacity of the NAC will be strengthened, as well as processes for the setting and endorsement of financial reporting standards, through technical assistance and training.	The consultants have submitted: (i) the final assessment report evaluating the standard-setting cycle, the funding arrangements of the NAC, the NAC's rules and procedures and technical skills and capacities; (ii) an approach to carrying out the survey on the level of implementation of NAS. (iii) a methodology for the translation and consolidation of IFRS, (iv) a draft report comparing the IFRS for SMEs with NAS. Hardware and software to support the translation of international standards have been delivered.	The NAC is fully engaged and has taken leadership in strengthening its capacity with the support of a consultant. Hardware and software were made available to facilitate the translation of standards.
<b>Component 3: Establishment of an audit oversight system</b>		
Under this component, the project will provide technical assistance, workshops and tools to support strengthening of the recently established public audit oversight system. The beneficiaries are the Public Oversight Board and IEKA.	The Consultant was appointed in July 2012. The consultant has delivered: (i) an assessment of the roles and responsibilities of different actors in the system of public oversight, and proposals for improving the system; (ii) ToRs for the Public Register of Auditors; (iii) a draft report reviewing and documenting the existing external Quality Assurance System, and (iv) draft disciplinary procedures and practices for the auditors' professional body and for the Public Oversight Board. Hardware and software to support the translation of international standards (ISAs) has been delivered, while software for public register of auditors is being procured.	Key stakeholders are now more aware of the roles and responsibilities of the various institutions involved in public oversight (this is also linked to the outcomes of Component 1). The consultant has provided substantial input to help strengthen the audit oversight system..
<b>Component 4: Improving accounting and auditing curricula for university education and professional certification</b>		
This component will help PAOs, universities and the examination center lay the foundations for sustainable curricula for A&A education and the certification of	The process for selecting a consultant is under way. Contract signature expected in January – early February 2013.	Not yet applicable as the selection process has not been completed.



Activity	Key inputs and outputs	Key intermediate outcomes
accountants and auditors.		
<b>Component 5: Project management, strengthening reform capacity, and monitoring and evaluation</b>		
This component covers the necessary operating costs related to project management.	The CFCU, an international strategic consultant and a local coordinator are all in place. A training activity for CFCU staff was organized in order to enhance and improve skills on monitoring, evaluation and reporting activities. The CFCU has started to plan the next phase of reforms.	The project management and operational capacities needed to implement the project are now all in place.



### 3. Financial Summaries

#### 3.1 Trust Fund Movements and Balances

The following table shows movements and balances in the REPARIS MDTF, including all regional components as well as the Albania country project. New donor allocations as stated below include contributions for the existing programs, as well as the new program planned for countries of the Eastern Partnership. Total disbursements came to EUR 1,088,802 leading to remaining balances of EUR 2,122,207 for regional activities, of EUR 961,243 for activities in Albania, and of EUR 2,200,000 for the new program for Eastern Partnership countries. Note that these balances do not include a further contribution of EUR 200,000 by the government of Luxembourg for the current programs which is expected to be received in 2013.

	Balance 1 Jan 2012	New Donor Contributions **	Allocations to disbursing funds	Investment Income	Disbursements Jan-Dec 2012	Balance 31 Dec 2012
	a	B	c	d	e	a+b+c+d-e
Component 1	64,215		220,396		197,313	87,298
Component 2	99,095		102,065		143,827	57,333
Component 3	466,969		68,744		285,222	250,491
Component 4	228,967		8,549		123,149	114,367
Component 5	139,509		21,655		93,207	67,957
<b>Subtotal - regional</b>	<b>998,755</b>		<b>421,409</b>		<b>842,718</b>	<b>577,446</b>
Albania	1,139,601		0		178,358	961,243
<b>Total - Disbursing funds</b>	<b>2,138,356</b>		<b>421,409</b>		<b>1,021,076</b>	<b>1,538,689</b>
<b>Main fund*, #</b>	1,165,370	3,024,317	(421,409)	44,209	67,726	3,744,761
<b>Total</b>	<b>3,303,726</b>	<b>3,024,317</b>		<b>44,209</b>	<b>1,088,802</b>	<b>5,283,450</b>

\* Main fund handles investment income, donor contributions not yet transferred to disbursing funds, and the 2% fee

# Corrected balance from EUR 1,163,242 to 1,165,370 includes investment income in 2011 corrected from EUR 47,856 to 49,983

\*\* New donor contributions (in EUR): Gov. of Luxembourg: 400,000; Swiss State Secretariat for Economic Affairs: 424,317; Austrian Finance Ministry: 1,000,000; Austrian Development Agency: 1,200,000

#### 3.2 Planned and Actual Disbursements

The following table compares the budget, disbursements and unspent funds in the disbursing funds for regional activities and the Albania country project. The overall disbursements for regional activities represent 67% of the Budget for 2012 (full year). The disbursement rate reflects cost savings (allocated Bank budget paid partially for staff time and mission travels), prudent cost management across the board (combination of events to save travel costs, use of JVI and other), cancellation of GDLN sessions as explained further above, and sharing office maintenance costs with other units of the World Bank based in Vienna. For details on the Albania project, see further down.





	Planned	Actual	Difference
Component 1	233,500	197,313	36,187
Component 2	191,100	143,827	47,273
Component 3	470,025	285,222	184,803
Component 4	201,200	123,149	78,051
Component 5	155,000	93,207	61,793
<b>Subtotal - regional</b>	<b>1,250,825</b>	<b>842,718</b>	<b>408,107</b>
Albania	675,000	178,358	496,642
<b>Total - Disbursing funds</b>	<b>1,925,825</b>	<b>1,021,076</b>	<b>904,749</b>

### 3.3 Disbursements - Regional Activities

The following table gives a detailed breakdown of expenditures by cost categories in the regional components including staff and consultants, travel and transport, meetings and other.

Disbursement Details regional activities						
Components	C1	C2	C3	C4	C5	Total
Staff and Consultants	53,873	86,080	166,375	101,186	67,671	475,185
Travel and Transport	7,505	4,457	25,578	16,160		53,699
Meetings	128,282	50,805	90,998	1,987		272,072
Other^	7,653	2,486	2,271	3,817	25,536	41,762
<b>Total</b>	<b>197,313</b>	<b>143,827</b>	<b>285,222</b>	<b>123,149</b>	<b>93,207</b>	<b>842,718</b>

^ C5 : includes office operating and maintenance costs

### 3.4 Disbursements - Albania CFREP

A total of EUR 178,358 has been disbursed to the client during 2012. Several activities and actions involving significant future disbursements (activities under Components 1, 2 and 3), were either initiated or completed close to the end of the reporting period. Disbursement of payments for most of these activities will only be made after the work has been completed. It is also expected that most of the uncommitted balance of project funds will be contracted under Component 4 (the procedure for selecting the consultant is now in its final stages). The total commitments/contracted by client amounts to EUR 837,672 or 67% of the overall project's funds. Total executed payments amounts to EUR 274,517.

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