



PERSPECTIVES FOR
THE FUTURE

SEMIANNUAL PROGRESS REPORT

April 1, 2018 - September 30, 2018

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1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

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**PULSAR REGIONAL PROGRAM
SEMIANNUAL PROGRESS REPORT**

**Reporting period from
April 1, 2018 to
September 30, 2018**

Date of the report: October 5, 2018

SUBTASK 1: RAISE AWARENESS OF REFORM RATIONALE

Key Project Data

Subtask title: Subtask 1: Raising Awareness of Reform Rationale (P165094; TFA5779: parallel window)

Duration of project: September 15, 2017 - June 30, 2020

Progress to date

Overall performance of Subtask 1 is on track.

Component 1a – Stocktaking of PSA environment

The task team reached an agreement with the Zurich University of Applied Sciences (ZHAW) on cooperation for the delivery of a comparative study on PSA environment of PULSAR beneficiary countries that will be based on a questionnaire. An electronic survey comprising questions on the accounting and training environment was sent to focal points in beneficiary countries who are in the process of soliciting inputs from experts and practitioners in their jurisdictions. At the upcoming Senior Officials Workshop the results of the survey including a preliminary analysis will be presented.

Component 1b – Awareness raising events

The Ministerial Conference (MC) and Senior Officials Workshop (SOW) 2018 are organized as joint events of the PULSAR, EU-REPARIS and STAREP programs aiming at enhancing private and public sector financial reporting and aligning reporting frameworks with the EU acquis in the Western Balkans and the EU-Eastern Partnership countries. The MC, titling “Economic Integration & High-Quality Financial Information. Opportunity for EU Neighborhood Policy”, will be hosted by the Austrian Finance Minister and held under the auspices of the Austrian Presidency of the European Council. The SOW will focus on securing political support for reform and foster dialogue amongst senior policy makers. Both events are held in Vienna on November 26 and 27, 2018.

Component 1c – Knowledge creation and sharing

The PULSAR program website, that has been coded by the Bank internal IT development team, is in the process of being tested and internal procedures for clearance have been kicked off. The page contains a comprehensive library for PSA related documents and info sites as well as an online forum for CoP participants. The PULSAR website will serve as the central communication tool for PULSAR with a view to disseminating knowledge products as well as

learning materials generated under the program and supporting the awareness raising activities of the program. The inaugural PULSAR newsletter was sent out in June featuring a medley-video of interviews with the PULSAR community, such as experts and COP members.

Conclusions/ lessons learned

N/A

Next steps

The comparative study is planned to be finalized by May 2019 and will be discussed with beneficiaries in an in-country dissemination workshop, following an official peer-review process. Work on firming up the agendas for the SOW and MC will continue and invitation letters will be sent out within the next days. The PULSAR webpage is expected to go online in mid-October. The next newsletter is prepared and will be sent out before the Ministerial Conference. The guide on benefits of PS accrual accounting is being conceptualized and will be produced for distribution at the MC.

SUBTASK 2: FINANCIAL REPORTING FRAMEWORKS

Key Project Data

Subtask title: Subtask 2: Financial Reporting Frameworks (P165095; TFA5788: parallel window)

Duration of project: September 11, 2017 - June 30, 2020

Progress to date

Overall performance of Subtask 2 is on track. The Financial Reporting Frameworks Community of Practice (FINCOP) was established under Subtask 2: Financial Reporting Frameworks Activity of the PULSAR Regional Program. The FINCOP membership includes practitioners from MOF and Treasury of beneficiary countries in charge of PSA frameworks development. FINCOP's inaugural meeting was held at a workshop in Vienna on December 12-13, 2017. The workshop considered latest developments in International Public Sector Accounting Standards (IPSAS) as well as progress made towards the introduction of European Public Sector Accounting Standards (EPSAS). Further, participants discussed the PSA reform challenges their countries face, their key priorities as well as the factors that can lead to PSA reform failure.

The second FINCOP workshop took place on April 23-25, 2018 in Vienna to explore similarities and differences between GFSM/ESA/SNA and IPSAS/EPSAS; to understand and discuss good practices on sequencing of IPSAS implementation and roadmap development; and to discuss requirements for consolidation of financial statements at the entity and whole of government levels; as well as key developments under the EU EPSAS project.

A Smart Interactive Talk ("SIT") on the topic of Accrual Budgeting was delivered on July 10, 2018. This topic had been identified by the FINCOP as one of the priority areas for a virtual meeting. The SIT was run in four languages in parallel connecting 14 video sites and numerous WebEx participants with many questions addressed interactively.

The first knowledge product of the FINCOP - Good Practice Template to Public Sector Accounting Reform Roadmap on sequencing of PSA reforms has been developed and published. The product was drafted during the second FINCOP workshop and has been finalized with support from ZHAW, FINCOP members and World Bank staff. The document which exemplifies knowledge sharing and collaboration aims to inform and support governments in preparing and implementing reforms by highlighting key issues. This good practice template summarizes the main considerations to be made in the development of a

national reform concept and implementation roadmap. It outlines an overarching framework covering existing practice and thoughts on reform governance.

The second knowledge product identified by FINCOP participants relates to a “Benchmarking Guide of Differences between IPSAS/GFS2014/ESA2010”. This aims to be a conceptual guidance note on the linkages, differences and reconciliation of IPSAS, GFS2014 and ESA2010 aiming to present the role of the two distinct reporting systems and the respective international standards. The guidance note will facilitate (i) a common understanding within the PULSAR countries and support the enhancement of reporting of public sector financial reporting and statistics in line with international standards; (ii) identification of differences between those frameworks; and (iii) recommendations on how to manage the differences. Experts from ZHAW have been engaged to develop the product. The first draft is due by October 15, 2018.

Overall significant progress has been achieved in terms of activities/deliverables, and in terms of progress made towards the objectives of the subtask, particularly: (i) Financial Reporting Frameworks Community of Practice (FINCOP) has been established following nomination from MOFs and Treasuries of 13 PULSAR beneficiary countries, (ii) FINCOP identified priority topics and knowledge products and ranked these in order of importance; (iii) two face to face including working group meetings have been organized; (iv) the first thematic virtual workshop has been delivered – branded by FINCOP as Smart Interactive Talk (SIT); (v) the first knowledge product has been developed through direct engagement of the FINCOP members, and development of the second knowledge product is in progress with the draft expected to be completed by October 15. In addition, a core team of volunteers from FINCOP has been established which is actively consulted on all the FINCOP activities including coverage and scope of the agenda for the FINCOP events.

Conclusions/ lessons learned

Participants of the FINCOP events appreciated the use of group work to stimulate discussions and the use of interactive formats for the face to face meetings. The frank and open discussions along with the detailed practical country experiences shared were also greatly valued. Further, the feedback received from the first SIT has been extremely encouraging with participants appreciating the quality of the speakers and the efforts made to make this interactive. The SIT has been recorded and will be placed on the PULSAR website shortly after editing. To further realize benefits of the program the participants expressed a need to invite speakers from Supreme Audit Institutions, Public Sector Internal Audit and Budget functions to share their experiences in FINCOP meetings. Further, it was suggested to engage speakers from countries with advanced accrual reporting, such as New Zealand, Australia, Austria and the UK for the more advanced topic of accrual budgeting and to enhance time allocated for networking opportunities. It was also suggested to share pre-course readings in advance to

give participants more time to prepare. Those will be addressed with cost/benefit considerations.

To continue and reinforce learning outcomes and, based on feedback received from the participants, FINCOP meetings will continue to use groupwork and interactive sessions to reinforce learning. Prereading material will be shared with the participants in advance of face to face and virtual meetings.

Next steps

FINCOP will be organizing its third meeting on November 28, 2018 in Vienna, Austria. This would be a one-day event jointly with STAREP, EU-REPARIS respective communities of practices following the Ministerial Conference and Senior Officials Workshop. The joint event will cover topics of mutual interest including (i) Impact of recent corporate scandals on the accounting profession including challenges faced in the public sector; (ii) How technology is changing accounting and auditing; (iii) Accounting professions role in the public and private sector: novelties, challenges; and (iv) State-Owned Enterprises (SOEs) in the scope of public accounts: enhancing transparency and improving accountability mechanisms. The event agenda and related administrative arrangements are being finalized. Team discussions are ongoing about speakers to be invited for the each of the sessions.

SUBTASK 3: ACCOUNTING EDUCATION AND CAPACITY

Key Project Data

Subtask title: Subtask 3: Accounting Education and Capacity (P165096; TFA5772: parallel window)

Duration of project: September 15, 2017 - June 30, 2020

Progress to date

Overall performance of Subtask 3 is on track. Significant progress has been achieved related to outputs under Subtask 3 as per the Results Framework, particularly: (i) EDUCOP membership was finalized, the CoP established, and priority topics were identified to adapt activities to the defined needs of the group; (ii) two face to face Community of Practice events and one virtual event have been delivered; (iii) benchmarking of PSA education was analyzed for strengths, weaknesses, constraints, and opportunities; (iv) an Accrual Based Accounting Minimum Competency Framework for Public Sector Finance Professionals was drafted; (v) a guide on Educational Pathways for the Public Sector based on IES has been prepared; (vi) a Good Practice Note highlighting examples of PSA practices within the group is in the process of being drafted.

The Public Sector Accounting Education Community of Practice (EDUCOP) membership includes representatives from Ministries of Finance, universities, and Professional Accountancy Organizations of beneficiary countries involved in PSA education development. In several cases, these stakeholders had never before entered into a dialogue to collaborate and coordinate on the topic. EDUCOP's inaugural meeting was held at a workshop in Vienna on December 12-13, 2017. The group was given an overview of the various PSA frameworks and examples of education models applied globally. This included information on efforts within the European Union to develop common European university modules in PSA. The experience of Austria in establishing a Public Finance Academy and the example of the New Zealand model for collaboration between the public sector and private sector with respect to PSA further enhanced understandings of different approaches. Benchmarking of public sector accounting education, already completed in twelve of the thirteen participating countries, was also analyzed. This provided details of curriculum and syllabus content, and highlighted opportunities for introducing public sector financial reporting topics in many of the countries. Finally, the group learned about International Education Standards (IES) and provided input

into the development of an Accrual Based Accounting Minimum Competency Framework for Public Sector Finance Professionals.

The 2nd workshop of the PULSAR EDUCOP took place on April 23-25, 2018 in Vienna. The first day of the workshop was held jointly with FINCOP and participants explored similarities and differences between GFSM/ESA/SNA and IPSAS/EPSAS, shared knowledge about IPSAS requirements for consolidation of financial statements at the entity and whole of government levels, learned developments under the EU EPSAS project, and were invited to provide comments on the Minimum Competency Framework for Public Sector Finance Professionals that was developed under the program. During the subsequent two days of the EDUCOP, good practice examples in Public Sector education and training were shared with the group and participants were introduced to the toolkit for development of an accounting education plan. The second day of the EDUCOP was hosted by the Austrian Ministry of Finance Academy, which provided insights into its operations and trainings as well as a tour of the facility.

The Virtual PULSAR EDUCOP Workshop: IFAC Initiative for the Public Sector was selected by participants as the first virtual event and delivered on 27 June. Participants were introduced to the “Accountability. Now.” initiative of the International Federation of Accountants (IFAC), including the International Public Sector Financial Accountability Index. Good practice examples of building capacity of public sector accounting professionals from Zimbabwe and AFROSAI-E were shared with the group.

The Accrual Based Accounting Minimum Competency Framework for Public Sector Finance Professionals was drafted, peer review has been completed, and the Framework is being finalized.

Technical Assistance to Government/PAOs to comply with IES has been initiated in the EDUCOP through the delivery of technical learning sessions focusing on IES and the development of a Toolkit: Public Sector Accounting Education Plan to guide development of country level plans in accordance with IES. At the next event in November, a workshop will focus on developing Continuing Professional Development (CPD) in accordance with IES.

Conclusions/ lessons learned

Participants appreciated the ability to interact with other PSA education stakeholders and MoF representatives and for many, the PULSAR event was the first time that they were brought together to discuss, collaborate, and coordinate on the topic. The frank and open discussions along with the detailed practical country experiences shared were greatly valued. Participants expressed an interest in looking deeper into good practice examples of other countries and this was the focus of the event in April. Another priority area included

increasing cooperation between Governments, universities and PAOs. To address this, FINCOP and EDUCOP facilitated plenary days and evening activities in which individuals may further interact. Additionally, the establishment of a PSA Educational Committee at country levels has been encouraged. Other priority topics include development of IPSAS knowledge, development of curriculum, materials, trainers, and certifications, and potential partners/resources. These topics will be covered in future events. Many representatives from government and universities were not familiar with IES. Therefore, in order to develop foundational knowledge in accounting education, knowledge of IES and related core competencies must be further developed and are focused on at the next event.

Next steps

The next EDUCOP event will be held in the week of November 26, 2018 in Vienna. During this session, delegations will present country level education plans and progress to date and engage in discussions focusing on the practical application of implementing a Training of Trainers approach, as well as a workshop on development of CPD in accordance with IES.

A Training of Trainers Course is planned under Phase 2 of the Program.

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