

# Financial Reporting for Debt and Investment Transparency in Europe and Central Asia: Survey Summary

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## Objectives and Respondents



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- **Objective of this survey is to assess processes** supporting definition, measurement, recording, reporting and disclosure of public debt and investments;
- **Respondent countries:** Bosnia I Hercegovina, Kyrgyzstan, Tajikistan, BiH Republika Srpska, Armenia, Belarus, Kosovo, Albania, Georgia;
- **Responding Departments:** public debt unit or departments within MoF

# Debt Definition



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- Conceptualization, definition and understanding of “debt,” and, thus, subsequent recording and reporting of government liabilities differs from country to country

Percentage of Survey Respondents whose Central Governments Provide Guarantees for Borrowing (External and Domestic) – by Public Entity



Categories included in ECA Statistical and Accounting Public Sector Debt Records

	Contingent liabilities	Guarantees issued	Budgetary arrears	CB Overdrafts
Albania	-	-	-	-
Armenia	-		-	-
Belarus	-	-	-	-
Bosnia and Herzegovina			-	-
B&H Republika Srpska			-	-
Georgia	-		-	-
Kosovo	-	-	-	-
Kyrgyz Republic	-	-	-	-
Tajikistan	-	-	-	-

# Data Standards



- The lack of consistently used designated public sector accounting or fiscal statistical frameworks in surveyed countries prevents greater alignment in debt reporting across the region

**Fiscal Statistical Framework Used by ECA Countries for Public Sector Debt Statistics**

	ESA	GFSM	National Framework
Albania	2010		
Armenia			x
Belarus		2014	
Bosnia and Herzegovina			x
B&H Republika Srpska			x
Georgia		2001*	
Kosovo	2010	2014	
Kyrgyz Republic		2001	
Tajikistan		2001	

**Accounting Standards Used in ECA for Public Investment Projects**

	Cash Basis	Partial Accrual Basis	Accrual Basis
Albania		National framework	
Armenia			IPSAS Accrual
Bosnia and Herzegovina		National framework	
B&H Republika Srpska			IPSAS Accrual
Georgia			National framework
Kosovo	IPSAS Cash (IFRS)		
Kyrgyz Republic			National framework
Tajikistan			IPSAS Accrual

## Compilation, Recording and Reporting



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- Compilation practices of general government debt data vary among respondents. There is little consistency regarding the public sub-sectors included in the compilation of general government debt data;
- All respondents reported that the budgetary central government is included. The inclusion of other sub-sectors differs greatly by country, with local governments being the second most covered category;
- Just three countries include information on arrears on debt securities/loans (including interest and penalties that accrue on arrears), into their accounting and statistical records: Republika Srpska, Kosovo, and Tajikistan.

## Recording and reporting



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- The consolidation of accounting records is likewise unaligned across respondents. Out of the nine respondents, five countries reported consolidating accounting records: Bosnia and Herzegovina, Republika Srpska, Georgia, Kyrgyz Republic, and Tajikistan;
- Most countries (n=6) compile public sector debt statistics and produce accounting reports at least monthly (Republika Srpska does so daily); Tajikistan does so quarterly.

# Debt Valuation



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## Valuation Methods in Use by Respondents

	Compilation of statistics for public debt securities	Recording of public debt data in government accounts
<b>Albania</b>	Amortized cost	Amortized cost
<b>Armenia</b>	Face Value method	Amortized cost
<b>Belarus</b>	Nominal value plus charges and interest accrued	Nominal value plus charges and interest accrued
<b>Bosnia and Herzegovina</b>	Nominal value plus charges and interest accrued	Nominal value plus charges and interest accrued
<b>B&amp;H Republika Srpska</b>	Nominal value	Amortized cost
<b>Georgia</b>	Nominal value plus charges/interest paid	Nominal value plus charges/interest paid
<b>Kosovo</b>	Fair value (through surplus/deficit; or through net equity)	Fair value (through surplus/deficit; or through net equity)
<b>Kyrgyz Republic</b>	Nominal value plus charges and interest accrued	Nominal value plus charges and interest accrued
<b>Tajikistan</b>	Nominal value plus charges/interest paid	Nominal value plus charges and interest accrued

## External Audit and Disclosure



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- **The one area in which the region shows the greatest consistency is in the validation of debt data, generally by the country's supreme audit institution (SAI).** With the exception of the Kyrgyz Republic, all countries surveyed noted the SAI's role in auditing public debt.
- Six of the respondents reported that public sector debt information was disclosed and published, mainly online, but also available upon request (in either hard or soft copy); Kosovo and Tajikistan do not disclose this information.



# Proposed Actions



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- **Focus Area 1:** Enhancement of Regulatory Framework and Methodologies
- **Focus Area 2:** Consistent Application of International Public Sector Accounting and Fiscal Statistics Standards
- **Focus Area 3:** Alignment and Reconciliation of Public Investment and Debt Data
- **Focus Area 4:** Strengthening Coordination Between Different units Involved in Debt and Investment Recording, Reporting and Management (Including Systems Interfacing)
- **Focus Area 5:** Capacity Building of Government Personnel