PULSAR

DRIVERS OF PUBLIC SECTOR ACCOUNTING REFORMS

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ACRONYMS AND ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
CFA	Central Finance Agencies
CIPFA	Chartered Institute of Public Finance and Accountancy
ESA	European System of Accounts
EU	European Union
EDP	Excessive Budget Procedure
EDUCOP	Education Community of Practice
EPSAS	European Public Sector Accounting Standards
FINCOP	Financial Reporting Frameworks Community of Practice
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GFSM	Government Finance Statistics Manual
IDA	International Development Association
IFAC	International Federation of Accountants
IFMIS	Integrated Financial Management Information Systems
IFI	International Financial Institution
IFRS	International Financial Reporting Standards
IGR	Institutional and Governance Reviews
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
MoF	Ministry of Finance
NGO	Non-Governmental Organizations
OECD	Organization for Economic Co-operation and Development
PAO	Professional Accountancy Organization
PEFA	Public Expenditures and Financial Accountability Assessment
PFM	Public Financial Management
PSA	Public Sector Accounting
PULSAR	Public Sector Accounting and Reporting Program
REPF	Report on the Enhancement of Public Sector Financial Reporting
SAI	Supreme Audit Institution
SoE	State owned Enterprise
TA	Technical Assistance
ZHAW	Zurich University of Applied Sciences

ACKNOWLEDGEMENTS

This good practice paper is a knowledge product of the World Bank's Governance Global Practice, developed under the Public Sector Accounting and Reporting (PULSAR) Program. The work was based on a review of existing literature, interviews with practitioners from PULSAR beneficiary countries, a survey of World Bank Financial Management Specialists, and experience from the World Bank projects supporting Public Sector Accounting reforms.

The World Bank team was led by Iwona Warzecha who orchestrated the efforts of main author, Ranjan Ganguli, and input from Oxana Druta under the guidance of Daniel Boyce, Global Practice Manager. Arman Vatyan, Dmitri Gourfinkel, and Verena Fritz of the World Bank also provided guidance. The team has benefited from peer reviewers' comments provided by Oleksii Balabushko, World Bank, and Bernhard Schatz, Member of the International Public Sector Accounting Standards Board (IPSASB) and Senior Manager, PricewaterhouseCoopers.

This paper has been enriched greatly from insights to the drivers of Public Sector Accounting reforms in selected countries: Albania, Austria, Georgia and Switzerland. For these contributions we extend our special thanks to: Dr. Dritan Fino, Ministry of Finance and Economy, Albania; Bernhard Schatz, Member of the Reform Team in the Austrian Ministry of Finance at the time of IPSAS reform, now Member of the International Public Sector Accounting Standards Board (IPSASB) and Senior Manager, PricewaterhouseCoopers; Nino Tchelishvili, Technical Assistance Advisor, International Monetary Fund; Prof. Dr. Andreas Bergmann and Dr. Sandro Fuchs, Zurich University of Applied Sciences, Switzerland.

The paper has also been reviewed by our PULSAR partners: Thomas Stauffer, Programme Manager, Swiss State Secretariat for Economic Affairs SECO; Peter Istjan-Hölzl, Senior Advisor, Austrian Federal Ministry of Finance and Agnes Drimmel, Advisor, Austrian Federal Ministry of Finance.

We are grateful for their time and contribution to this work.

PREFACE

The Public Sector Accounting and Reporting (PULSAR) Program, launched in 2017, is a regional and country level program in 13 beneficiary countries of Europe and Central Asia. Its objective is to support the enhancement of public sector accounting and financial reporting frameworks in line with international standards and good practices to improve government accountability, transparency, and performance.

The objectives and scope of the PULSAR Program are jointly determined by the PULSAR Partners - Austria, Switzerland, and the World Bank – who also provide institutional support for its implementation and mobilize the resources needed for its activities. Beneficiary countries help shape the program through regional cooperation platforms and input to two Communities of Practice: FINCOP on Financial Reporting Frameworks, and EDUCOP on Education.

More information about the PULSAR program and its publications is available online at: **www.pulsarprogram.org**

EXECUTIVE SUMMARY

This paper is a product of the PULSAR Program, a regional and country level program of 13 countries in Europe and Central Asia. PULSAR supports the enhancement of public sector accounting and financial reporting frameworks in line with international standards and good practices.

The objective of this paper is to help governments which are implementing Public Sector Accounting (PSA) reforms to identify, consider, and nurture *drivers* of those reforms. The paper will explore the types of key drivers of public sector reforms, discuss the main challenges and obstacles associated with those drivers, and share case study experiences from selected countries in an effort to illuminate the way to improved efforts and results in PSA reforms.

PULSAR beneficiary countries have many different PSA regimes, but most are moving to adopt the accrual basis of accounting. The move toward accrual accounting in the public sector is generally seen as a principal driver and/or result of PSA reform. A section of the paper entitled, "Accrual data is a building block for better fiscal information" elaborates on this theme.

Effective and efficient PSA reform implementation depends on the country context. The transition to accrual accounting varies from country to country based on objectives, strategic concerns, political support, capacity, administrative traditions, and procedures. This very complexity is the reason that countries seek information about how to drive the reform efforts better.

This paper analyses in detail the types and advantages/disadvantages of drivers. There are two types of drivers: technical and non-technical. Technical drivers are grounded in basic principles which are easier to grasp, easier to objectively assess, and can be addressed in a relatively benign and non-confrontational manner. Examples of technical drivers include: a drive for improved management of strategic resources, and international accounting standards such as IPSAS.

Non-technical drivers are considerably more nuanced and complex. They are often difficult to identify because they require an understanding of formal and informal institutions and rules, and as such are more difficult to address without causing possible consternation and even emotional resistance. Examples of non-technical drivers include: the varied interests and objectives of multiple actors in government and society, and the actions of and agreements with international financial institutions.

It is important to address the challenges and obstacles faced of certain drivers so that the reform process can be managed better. Often, public sector accounting reform takes many years. This is not necessarily because the technical aspects of public sector accounting reform are particularly difficult to grasp. Rather, it is often because actors are familiar and comfortable with the status quo and may even benefit from it.

There is a difference between how government officials and other actors *should* behave (called the formal rules), and how they *actually* behave (called the informal rules). Formal rules include elements such as a country's constitution, laws and property rights; informal rules include customs, traditions, taboos, and codes of conduct. The rules especially may present challenges depending on the country context and should be addressed in planning.

In addition to formal and informal rules, challenges can also be characterized as falling into four groups: Leadership, Project Management, Resources, and Behaviour. A challenge or obstacle may appear in one or more of these areas and may evolve over time. Identification of the type of challenge(s) is especially useful so that an approach to the challenge can be developed.

There are several case studies offering good practices and "stories from the field." In one notable case Austria tells how its federal government had a deficit for 65 years and how a state bank collapsed into bankruptcy before it adopted public accrual accounting. In a Swiss case, two academics from the Zurich University of Applied Sciences tell readers how stakeholders such as part-time politicians and government's inability to use a large-scale cash accounting system led to the adoption of accrual accounting.

It is also useful to study concepts of change which are usually associated with other disciplines like Monitoring and Evaluation (M&E). Modern concepts of result chain or *theory of change* (term often associated with M&E) provide a logic impact model which starts from identification of an issue which triggers creation of strong drivers for implementation of change and actions resulting in production of outputs which can further be used to change behaviour to achieve expected outcomes. The logic impact model is presented in Figure 5.

Strategies to assess non-technical drivers is another section devoted to providing practical advice, although the advice is likely to be useful for any driver. A few themes include: explore with counterparts what they perceive as their core problems and how they seek to address them, raise the question of potential blockages for reform, and especially probe the views and buy-in from stakeholders beyond the core Central Finance Agencies.

Another strategy involves using assessment tools. The World Bank's diagnostic tool the *Report on the Enhancement of Public Sector Financial Reporting* (REPF) – Diagnostic Tool supports assessments which can inform reform plans. The *Good Practice Template: Roadmap to Public Sector Accounting Reform* is a tool supporting preparation and implementation of reforms by highlighting key issues and objectives, summarizing the main considerations to be made in the development of a national reform concept and implementation roadmap.

A final challenge may be that when implementing reforms there are transitions between governments, or the existing government may not be ready to adopt reform. The solution may be to create a "window of opportunity," i.e., have an existing project in place that straddles an election period with sufficient built-in flexibility to be adjusted to a new government's needs and intentions, either through a rapid restructuring and reauthorization process, or through "intra-project" flexibility.

1 INTRODUCTION

The objective of this paper is to help governments which are implementing public sector accounting reforms to identify, consider, and nurture drivers of Public Sector Accounting (PSA) reforms. The paper will explore the types of key drivers of public sector reforms, discuss the main challenges and obstacles associated with those drivers, and share case study experiences from selected countries in an effort to illuminate the way to improved efforts and results in PSA reforms.

PULSAR beneficiary countries have many different PSA frameworks and practices but most are moving to adopt the accruals basis of accounting. According to a recent PULSAR survey[1]:

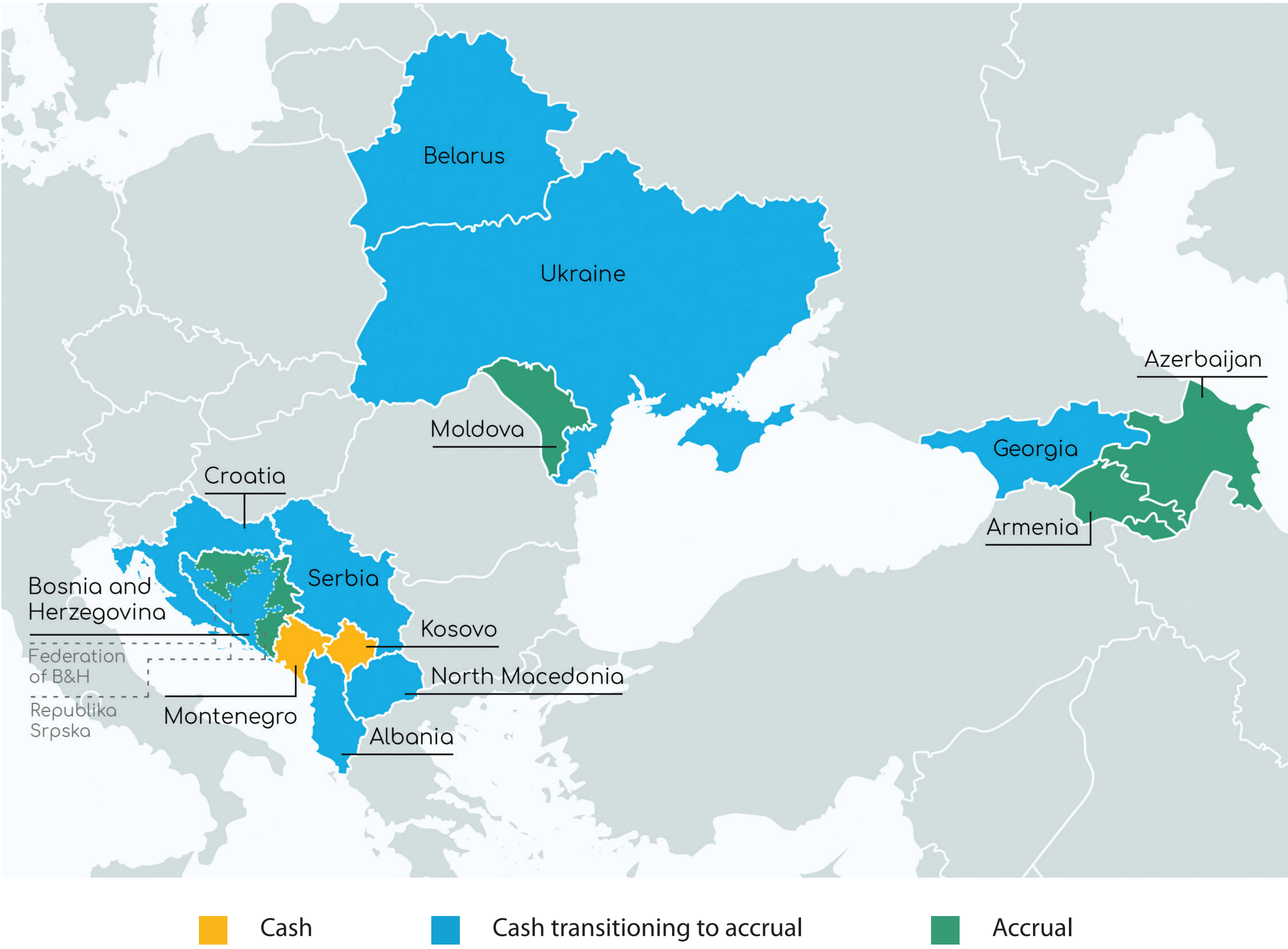
- 4 jurisdictions use the accruals basis
- 8 jurisdictions use modified cash or modified accrual systems
- 2 jurisdictions use the cash basis

Implementing and sustaining reforms to achieve this transition from cash accounting to accrual accounting is a complex and challenging task. It involves consideration of legislation, governance, business processes, prevailing accounting principles, practices, capacity, information systems, and professionalization of the accounting function in government.[2] Public sector accounting reform is also expensive. The European Commission estimated the possible cost of moving from a cash-based accounting system to an accruals-based accounting system for a medium-sized EU country could be as high as EUR 50 million or within a range of 0.02% to 0.10% of GDP while also noting that the ongoing cost of running an accruals-based accounting system is arguably higher than that of maintaining only a cash-based system.[3]

Effective and efficient PSA reform implementation depends entirely on the specific country context. The transition to accrual accounting will vary from country to country based on their objectives, strategic concerns, political support, capacity, administrative traditions, frameworks and procedures.[4] In other words, a successful transition to public sector accrual accounting is very much affected by a country's specific drivers for the reform.

[1] PULSAR – Stocktaking of Public Sector Accounting and Reporting Environment in PULSAR Beneficiary Countries, World Bank (2020)
[2] PULSAR– Good Practice Template – To Public Sector Accounting Reform – Roadmap, World Bank (2018)
[3] Towards implementing harmonized public sector accounting standards in Member States, European Commission Staff Working Document (2013)
[4] Ibid

Figure 1. Accounting basis in PULSAR beneficiary countries in 2018[5]



[5] Source: The World Bank, PULSAR – Stocktaking of Public Sector Accounting and Reporting Environment in PULSAR Beneficiary Countries, (2020)

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TYPES OF DRIVERS OF PUBLIC SECTOR ACCOUNTING REFORM

Drivers are one of the main things that influence something or cause it to happen, make progress, develop, change or grow stronger. They are often those policy and strategy levers that have the least resistance and best chance of positively influencing the results of a reform process. Without a driver, not much happens.

A "right driver" is one that ends up achieving better measurable results, while a "wrong driver" is a deliberate policy force that has little chance of achieving the desired result.[6] A "right driver" will: (i) cause whole system improvements (ii) be measurable in practice and in results, and, (iii) have a clear link to the transformation strategy.

By contrast, a "wrong driver" is one that: (i) may sound good but actually does not produce the results it seeks (ii) may make matters worse, and, (iii) on closer scrutiny can never have the impact it promises.

An effective driver can be a policy -- supported by related implementation strategies -- that actually produces better results across the system. An effective driver is not something that only sounds plausible or can be justified by ad hoc plan to meet an urgent goal. Rather, effective drivers generate a concerted, accelerating force for progress toward the goals of reform. An effective driver is one that achieves better measurable results.

The right drivers – capacity building, group work, instruction, and systemic solutions – are effective because they work directly on changing the culture of the systems (values, norms, skills, practices, relationships). In contrast, the wrong drivers alter procedures and other formal attributes of the system without reaching the internal substance of reform – and that is why they fail.

The glue that binds the effective drivers together is the underlying attitude, philosophy, and theory of action. The mindset that works for whole system reform is the one that inevitably generates individual and collective motivation and corresponding skills to transform the system. The right drivers are effective because they work directly on changing the culture.

There are two types of drivers: technical and non-technical.

Technical drivers are grounded in basic principles which are easier to grasp, are easier to objectively assess, and can be addressed in a relatively benign and non-confrontational manner. Internal technical drivers can include drive to reach PFM objective such as better transparency, accountability efficient resource management, fiscal sustainability, etc. Sometimes a driver can also be a significant technical emerging problem/issue which needs to be resolved by Public Sector Accounting

[6] Choosing the wrong drivers for whole system reform, Michael Fullan (2011)

reform. External technical drivers include: international or regional standards such as: IPSAS, EPSAS, ESA 2020; external requirement to meet fiscal rules or indicators; PFM assessments such as REPF, PEFA, OBI. Another example of an external technical driver is the increasing availability and affordability of Enterprise Resource Software (ERP) solutions that can process large amounts of data across many entities and greatly assist the conversion of historic accounting data into opening balance sheets.

Non-technical drivers on the other hand are considerably more nuanced and complex. They are often difficult to identify because they require an understanding of formal and informal institutions and rules, and as such are significantly more difficult to address without causing possible consternation and even emotional resistance. Internal non-technical drivers centre around institutions, interests groups, and ideas which can influence and support the reform or oppose and block reforms in case of lack of buy-in or potential perceived cost or losses to particular stakeholders groups. External non-technical drivers encompass a mix of donor and IFIs support and pressure, credit rating agencies, commercial creditors of public debt, and NGOs. Figure 2 provides a good summary of the four categories of drivers.

This paper will discuss technical drivers separately from non-technical drivers.

Figure 2. Classification of drivers of public sector accounting reform

DRIVERS OF PUBLIC SECTOR ACCOUNTING REFORM

TECHNICAL DRIVERS (non-political, tangible, easier to objectively assess and address)	**NON-TECHNICAL DRIVERS** (political economy, intangible, difficult to objectively assess and address)
INTERNAL	
• Drive for better transparency and accountability • Drive for better management of strategic resources • Drive for improved awareness and management of costs • General drivers which require better public sector accounting e.g. drive for better fiscal position, better management of financial risks	• Institutions – government, legislatures, courts, media, NGOs, formal and informal institution • Interests – including specific objectives of the various actors • Ideas - policy options and recommendations derived from descriptive research and normative values: what is and what ought to be; windows of opportunity
EXTERNAL	
• To monitor compliance with EU's Article 126 excessive government deficit obligations • To comply with ESA2010 reporting requirements and Council Directive 2011/85/EU • Regional or international accounting standards such as IPSAS, EPSAS initiatives • Fiscal rules, indicators, • Public Finance Assessment – REPF, PEFA, OBI etc • Enterprise Resource Software (ERP) solutions	• Aid, donors, international financial institutions • Credit rating agencies • Commercial creditors, bonholders of public debt • Global drivers i.e. non-aid external drivers of accountability and governance

CASE STUDY 1: PSA REFORM DRIVERS IN FRANCE, AUSTRIA, PORTUGAL AND SWITZERLAND[7]

In 2016, the Ministry of Finance of Poland requested a program of four Knowledge Exchange Events to France, Austria, Portugal and Switzerland to learn in an interactive way from the experiences of reforming public sector accounting to approximately the standards of the International Public Sector Accounting Standards (IPSAS).

A major observation from the knowledge exchange events was that accounting reform in the absence of a clear rationale and high-level support is likely to have little traction and impact. In terms of rationale, accounting reform has greatest traction and impact when supporting better and accruals-based budget reporting as well as statistical reporting (Austria, Portugal, Switzerland). In the absence of such a clear overarching goal (except for high quality accounting), accounting reform might have mixed impact (France).[8]

High-level support may best be expressed by amending primary legislation to include the need for accounting to present the true and fair financial position of the state (Austria, Portugal, Switzerland, France). The leadership team overseeing accounting reform should include key stakeholders including: those responsible for budget formulation and reporting; those responsible for statistical reporting; and the Supreme Audit Institution. The accounting reform can be also linked with other elements of public financial management reform such as organizational changes in internal control procedures, work flow, bookkeeping processes, and shared service centres (Austria).[9]

Figure 3 presents the countries' main objectives and drivers for their public sector accounting reforms which are mostly internal technical drivers. These objectives tend to be fairly high level e.g. presentation a true and fair view of financial situation, implementation of public sector accounting standards consistent with IPSAS though there may be additional specific drivers for any one country.

In Austria, the authorities specifically wanted to address issues of fiscal sustainability and budget deficits, as well wanting to get a whole-of-government perspective on public finances in addition to that already available at the micro and entity levels. Accrual accounting and budgeting was one of the tools to enhance transparency of public finances, to reduce the scope and possibility of fiscal illusion, to identify, see and measure "the whole elephant"[10] in order to enhance accountability of decision-makers to achieve efficient use of public resources.

In France, specific drivers also included improvement of the budgetary process including commitment, payment, and liabilities controls which required elements consistent with accrual accounting.

[7] Knowledge Exchange Events on Implementation of International Public Sector Accounting Standards – Report of events of May and June 2016, The World Bank

[8] For example in France while there were many benefits including improved awareness of the state assets, modernization of financial departments, better fiscal information and management especially of liabilities and commitments, there were also some challenges including: high cost of new IT systems which required many improvements to prepare reliable financial statements (Court of Accounts issued many qualifications on the financial statements), limited use mainly by internal administration, difficulties in understanding by some managers, insufficient outside interest, lack of government communication about financial statements, some accounts remain insufficiently reliable.

[9] Knowledge Exchange Events on Implementation of International Public Sector Accounting Standards – Report of events of May and June 2016, The World Bank

[10] The Whole Elephant: A Proposal for Integrating Cash, Accrual, and Sustainability-Gap Accounts, Irwin, Working Paper/15/261, International Monetary Fund (2015)

Figure 3. Summary of countries' main objectives and drivers for their public sector accounting reforms[11]

FRANCE

- Budget reform (budgetary process, internal controls, performance orientation) was the main driver although the reform recognises value of accounting information for purposes of computation of debt, current debt and KPIs.
- There was a strong political support including the Prime Minister involvement and parliamentary consensus that accounting should provide reliable information to confirm and justify the use of public funds is a democratic imperative.
- The legal basis for reform was included in the constitutional bylaw on budget (LOLF).
- Parliamentary commission (MILOLF) created to hold MOF to account on reform.
- Developed French public sector accounting standards taking into account IFRS and IPSAS.

PORTUGAL

- Driver for reform was Economic Assistance Program which required better financial information including of net worth, debt, consolidated net debt, consolidated EBITDA, bottom line surplus/deficit. To dispel fiscal illusion.
- The Ministry of Finance is the leader of the reform, based on CNC (Public Sector Accounting Body) advice and proposals (where DGO takes place, together with other public and professional bodies).
- Political commitment and cooperation between different stakeholders are pivotal to start and continue the reform path.

SWITZERLAND (FEDERATION)

- Driver for reform was to catch up with cantons' public sector budgeting and accounting standards.
- Main player was the Federal Finance Department in consultation with Court of Auditors.
- Need to include "true and fair" in legislation.

SWITZERLAND (ZÜRICH CANTON)

- Driver for reform was demand from the [part-time] politicians for better financial information and in particular their demand for information comparable to that which they were and are used to getting in the private sector.
- Main player was Canton finance department.
- Need to include "true and fair" in legislation.
- Support needed from top management
- Communicate too much not too little
- Training (at start and regular ongoing)
- Close cooperation with financial auditing and financial supervision

AUSTRIA

- Driver for reform was 65 years of budget deficits and wanting to implement a longer term perspective, an MTEF, to counter fiscal illusions.
- Reform led by MOF but included Court of Audit.
- Need to include basis for reform in legislation ("true and fair" included in constitution) to implement and make it irreversible.

[11] Source: World Bank, Knowledge Exchange Events on Implementation of International Public Sector Accounting Standards – Report of events of May and June 2016

3

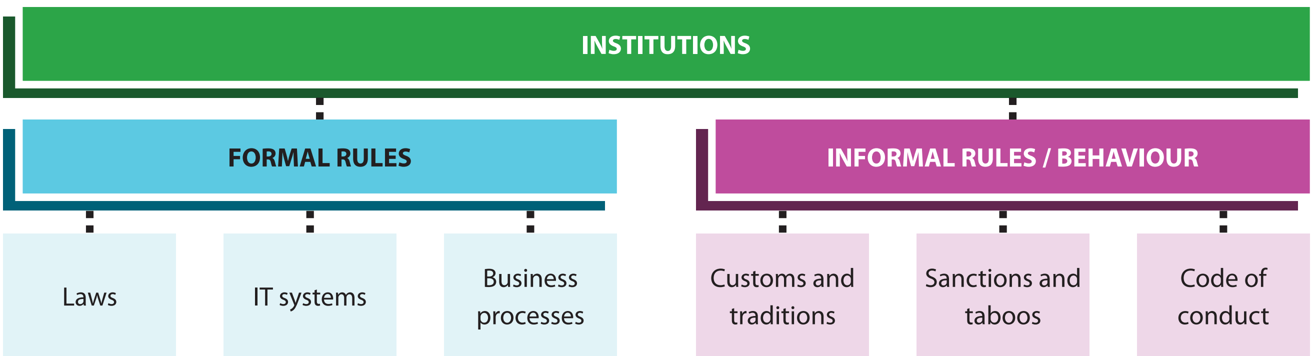
CHALLENGES AND OBSTACLES OF PSA REFORMS

Often, public sector accounting reform takes many, many years. This is not necessarily because the technical aspects of public sector accounting reform are particularly difficult to conceive or address. Rather, it is often because people are familiar and comfortable with the status quo and may even benefit from keeping things the way they are. Most people have little or no interest in change and resist to change especially to major reforms which require learning new skills, introducing new responsibilities, and adding workload without additional resources when the benefits for those people may be unclear. Like all reforms, successful public sector accounting reform needs drivers to make the reform happen.

"Governments in many developing countries face incentives to initiate public sector reforms, but at the implementation stage, political costs frequently outweigh potential gains; and hence reforms are abandoned or left to wither. Real breakthroughs have been achieved in countries experiencing major structural shifts and those having political leadership committed to higher-level goals. It is increasingly recognized that political economy factors play a crucial role".[12]

The celebrated economist, political scientist, and 1993 Nobel laureate, Douglass North, was the first to distinguish between how government officials and other actors *should behave* (called the formal rules), and how they *actually behave* (called the informal rules). Formal rules include elements such as a country's constitution, laws and property rights; informal rules include customs, traditions, sanctions, taboos, and codes of conduct.

Figure 4. Formal and Informal Rules in Institutions[13]



[12] Making Public Sector Reforms Work: Political and Economic Contexts, Incentives, and Strategies, Bunse and Fritz, The World Bank (2012)
[13] Source: North, Institutions, Institutional Change and Economic Performance, 1990

Too often, unfortunately, PFM reformers and their development partners focus only on the formal side of systems, for example, changing a PFM law or introducing a new government regulation for managing the government's cash balances and liquidity. Not surprisingly, the result of such action in many cases is that nothing changes on the ground. Government officials go on behaving as they did before the new law or regulations came into effect. The informal rules trump the formal rules.[14]

Stakeholder incentives and constellations matter and accordingly reform approaches combining good technical calibration and political economy considerations are likely to influence success in strengthening public financial management.[15]

Another reason that public sector accounting reform takes many years is the lack of effective drivers of the reform, including a lack of clear results and outcomes. Often in these cases, public sector accounting reform produces lots of information and reports which are simply not used; not for decision making, resource allocation, transparency purposes, accountability, or performance management.

The implementation of accruals is a long-term project in the public sector, and clarity of direction is important. None of the countries deciding to initiate PSA reform have the same starting point, capabilities, and motivation. It is important that countries acknowledge this fact in setting their reform objectives.

Figure 5 illustrates how challenges to reform might be characterized in four areas: Leadership, Project Management, Resources, and Behaviour. A challenge or obstacle may appear in one or more of these areas and may evolve over time. Identification of the type of challenge(s) is very useful so that an approach to the challenge can be developed.

Figure 5. Main challenges and obstacles of public sector accounting reforms

LEADERSHIP

- Lack of leader
- Weak or unstable political support
- Reform tied to one champion or only external drivers
- Changes in reform priorities
- Election calendar

PROJECT MANAGEMENT

- Lack of strategic design and decisions
- Poor implementation planning and reform sequencing
- Piecemeal approach
- Lack of coordination
- Unrealistic timetables and demands

RESOURCES

- Limted budgets
- Lack of staff to implement
- ICT limitations
- Reliance on donor support only
- Lack of consultants or expertise on the market

BEHAVIOUR

- Lack of buy-in from stakeholders' groups
- Resisistance to change
- Vested interest in status quo
- Insufficient communication
- Reform fatigue or overload

[14] Public Financial Management Training, International Monetary Fund (2017)
[15] Strengthening Public Financial Management – Exploring Drivers and Effects, Policy Research Working Paper 7084, Fritz, Sweet and Verhoeven, World Bank Group (2014)

World Bank Financial Management Specialists working in the Europe and Central Asia Region noted that in most countries, PSA reforms have been initiated by external technical drivers rather than domestic internal drivers. They further noted that while external drivers are effective in starting the reform, they are insufficient to sustain implementation and fully realize the full benefits of the reform. Where the external stimulus is weak or has been weakened (e.g., because of a lack of funding (resources), a lack of progress on EPSAS initiative, or a lack pressure from IFIs) and there is no strong internal driver, PSA reforms stagnate (Croatia, Poland, Romania) or produce results that are not useful for decision-makers.

On the other hand, internal technical drivers such as those embedded in laws and regulations, are not sufficient to complete PSA reform without political support (leadership) and buy-in from groups of key stakeholders who can otherwise oppose the reform (Serbia).

In EU member states and EU accession states (Albania, Montenegro, North Macedonia, Serbia) or aspiring countries (Moldova, Ukraine), PSA reforms appear to have been driven in the main by external factors such as EU directives that require accrual accounting for fiscal reporting under ESA 2010 and the EUROSTAT initiative to develop and implement European Public Sector Accounting Standards (EPSAS). Other external technical drivers included results of PFM diagnostic reviews that benchmark a country's PFM system including: Public Expenditure and Financial Accountability (PEFA) analyses, IPSAS gap analyses, results of the Open Budget initiative, and IMF reports (Azerbaijan, Kazakhstan, Kyrgyzstan, Serbia). Non-technical external drivers included recommendations from International Financial Institutions, development partners, donors, and even commercial banks or credit rating agencies (Armenia, Georgia, Ukraine, Uzbekistan).

Although external drivers have been the predominant drivers for public sector accounting reform in PULSAR countries, internal drivers have also played a role. With the encouragement of development partners, PSA reform has often been included within governments' broader PFM reform strategies (Albania, Moldova, Russia, Serbia) as well as in new laws requiring enhanced PSA standards. Examples of internal drivers include emerging issues relating to fiscal risk management, monitoring of arrears (Serbia), increased use of Public-Private Partnerships, and a desire for improved asset management.

In most countries the main sponsor of the reform is the Ministry of Finance (MoF), often with the support of the Supreme Audit Institution (Austria), and Professional Accountancy Organizations (PAO) (Portugal, UK). While the MoF is a natural champion and main implementor, the PSA reform also needs broader political support (leadership) from government, a clear strategic plan and capacity building activities. A common mistake in implementation includes adopting an ad-hoc and piecemeal approach (lack of project management) as well as focusing on procedures and regulation without sufficient buy-in from key stakeholders (behaviour), e.g. public sector accountants, management, Parliament, public institutions, and citizens, and also poor communication about the real expected goals and change management plans of the PSA reform (project management and leadership).

In addition, PSA costs and additional workloads are immediate and significant. Benefits seem much more distant and intangible, especially if not communicated properly. Often reliance on a strong champion is an additional source of risk if that champion is replaced or retires (Serbia) which can result in slowing down or even reversing of the reform paths.

In summary, the best results for PSA reforms seem to be achieved if there is a good mix of internal, external, technical as well as non-technical drivers that can support not only the start but also the full implementation of the PSA reform.

4

TECHNICAL DRIVERS

INTERNAL TECHNICAL DRIVERS

Public sector accounting reform supports broader PFM reforms. PFM refers to the set of laws, rules, systems, and processes used by governments (and subnational governments) to mobilize revenue, allocate public funds, undertake public spending, account for funds, and obtain audit results. PFM reforms have three broad major objectives, as follows : **(i) Fiscal sustainability:** aggregate levels of tax collection and public spending are consistent with fiscal targets, and do not generate unsustainable levels of public debt, **(ii) Efficiency:** budgets are allocated in accordance with government priorities (allocative efficiency), and the amount and quality of services delivered are maximized within the resources available (technical efficiency), **(iii) Transparency and Accountability:** the budget and other financial documentation is publicly accessible, and public participation in key PFM processes is both enabled and encouraged to promote greater accountability around the use of public funds and assets and help prevent corruption.[16]

Major PFM innovations focus on specific issues, such as the fiscal position of government, its management of financial risk, and the substantive results of public expenditures. These innovations cannot be successfully implemented without a supporting infrastructure of information and processes, specifically the accounting and budget frameworks and administrative capacity to handle broadened demands on government. This infrastructure must be modernized apace with other reforms.[17]

Accounting is the basic building block of PFM systems. It determines much of the content and classification of the information processed in managing public finance and it affects PFM's core objectives. It also provides a clear illustration of how authoritative rules including those in the regulatory framework can transform data that is useful into information that is essential, and how the absence of such rules can impair use of potentially valuable information. Government accounts recognize two types of financial stocks and flows: the money received or disbursed during a fiscal period, and the money earned, or liabilities accrued during the period. Each basis provides useful information, and one cannot be substituted for another. The cash basis reports the nominal surplus or deficit and borrowing requirements and the short-term impact of government finances on the economy. The accrual basis provides information on government's assets and liabilities and its fiscal position without regard to when the funds are actually received or paid. The cash basis shows the cash spent by agencies in producing public services; the accrual basis shows the resources they have consumed.[18]

[16] Building Effective, Accountable, and Inclusive Institutions in Europe and Central Asia: Lessons from the Region, World Bank Group (2020)
[17] Public Financial Management and Its Emerging Architecture, Cangiano, Curristine and Lazare, International Monetary Fund (2013)
[18] Ibid

The accrual basis information serves all major PFM objectives. It provides a fuller account of government's fiscal position because it includes unliquidated liabilities that will be paid in future periods and disregards accounting tricks that shift the recognition of receipts or disbursements from one period to another. It improves allocation because programs or departments are charged with the cost of resources they consume, regardless of the account from which payment is made. Similarly, it sensitizes managers to cost and may give them greater incentive and opportunity to operate efficiently. Finally, it bolsters financial accountability because citizens have a clearer picture of the cost of public programs and activities.[19]

Public financial management (PFM) systems support decision-making on fiscal policy and underpin budget implementation and reporting. Shortcomings in such systems can lead to lack of fiscal discipline and macro-economic instability, weaken the alignment between the allocation of public resources and national policy priorities, and contribute to greater waste and corruption in the delivery of public services.[20] Public Expenditure Reviews (PERs) and Public Expenditure Tracking Surveys (PETS) help to identify underlying weaknesses in PFM which affect the quality of information available to government and thus impairs the ability of a government to deliver services to their citizens.[21]

From reviewing the experiences of implementing various types of PFM reforms including public sector accounting reforms and the adoption of accrual accounting, for many experts, the cited expected impacts of those reforms appear overstated. However, there are some benefits that are almost always achieved. These include:

- A better understanding of the differences between current national public sector accounting standards and international norms such as International Public Sector Accounting Standards
- Positive steps towards resolving any complexities, fragmentation and ambiguity in the national legal framework for public sector accounting
- A more complete inventory of the various accounting systems and IT infrastructure currently used throughout the public sector often with a plan to better harmonize and integrate them
- Easier ad hoc querying and analysis of public sector expenditure
- Better statistical information for compliance and reporting purposes

Specific benefits, objectives, motivations of public accounting reform can be at the same time good drivers of public sector reforms.

The adoption of accrual accounting is often part of and intended to facilitate wider public management reform initiatives.

The motivations for reform mentioned most often in response to a 2017 OECD survey[22] were:

- Presenting a fair view of the public finances
- Assessing the full costs of government operations
- Introducing or enhancing a performance culture
- Modernising public management

CONCEPTS OF CHANGE

Modern concepts of result chain or theory of change provide logic impact model which starts from identification of an issue which can trigger creation of strong drivers for implementation of change and actions resulting in production of outputs which can further be used to change behaviour and achieving direct expected outcomes. Sustained change of behaviour can lead to achieving overall objectives in the longer term and reaching measurable and sustainable impact on actual operational and financial performance. Such a model can be adapted to understand the rationale for the PSA reform in terms of drivers, outputs, and outcomes which can be intermediate, broader objectives, actions leading to ultimate impact.

[19] Public Financial Management and Its Emerging Architecture, Cangiano, Curristine and Lazare, International Monetary Fund (2013)
[20] Strengthening Public Financial Management: Exploring Drivers and Effects, Policy Research Working Paper 7084, Fritz, Sweet and Verhoeven, World Bank Group (2014)
[21] Ibid
[22] Accrual Practices and Reform Experience in OECD Countries, Moretti, OECD Publishing, Paris (2017)

CASE STUDY 2: REFORMING PSA WITH POLITICAL SUPPORT IN ALBANIA

DR. DRITAN FINO, DIRECTOR, MINISTRY OF FINANCE AND ECONOMY, ALBANIA

There are many reasons why the Republic of Albania undertook reform on the public sector accounting to implement accrual accounting standards. Public sector accounting in Albania had been subject to several inadequacies, for example:

- There is a degree of uncertainty regarding the precise composition of public sector entities and this needs to be resolved along with planned steps for consolidation of financial statements
- The legal framework for public sector financial accounting and reporting is complex, fragmented, and ambiguous
- Formal public sector accounting standards do not exist
- There is no professional education and qualification offered in the fields of public sector finance and accounting
- There is no professional body in Albania for public sector finance professionals
- There is no code of ethics for accountants in the public sector

It is clear from these issues that it is especially important to enhance public sector accounting in Albania. High quality public sector financial reporting is the cornerstone of a well-functioning public sector and at the heart of a public sector that delivers value for money.

The enhanced public sector financial reporting is expected to:

- Provide greater transparency and accountability of the financial decisions made by jurisdictions for donors, citizens and investors. Reliable information is important for all the international donors and for the European integration process of Albania. It is also one of the requirements of the negotiations process for EU accession.
- Provide complete information to improve decision making, for example, through a better understanding of all assets and liabilities. Complete information is invaluable in effective medium-term financial planning to enable more effective use of public funds.
- Ensure a complete inventory of assets and stocks that will enable entities to assess whether these are being used effectively and economically to deliver public services. All government entities within a jurisdiction following the same accounting framework allows for comparisons and identification of best practice that can be replicated across other government entities to eliminate waste.
- Improve the quality of the government reporting framework. By using an internationally recognised reporting framework the government's accrual-based financial statements will support fairer and more accurate credit ratings and encourage foreign direct investment.
- Support the convergence of private sector and public sector accounting. In recent years in Albania there have been many changes and improvements in the field of private sector accounting, so it is very important to improve accounting in the public sector as well.

Political support is much needed. The Government committed in the PFM strategy to implement accrual accounting, and the Ministry of Finance is the responsible institution for it. Beside driving the reform from the technical aspect, a more powerful and energetic political support, especially from the Minister of Finance, facilitates a lot the technical efforts. Implementing IPSAS is not an easy challenge, and this kind of support is much needed.

Full text of the case study is presented in **Annex 2**.

At an operational level for a number of countries, accrual accounting has proven useful to help better assess the performance of departments and operational units. This includes benchmarking of operational costs and increasing accountability from managers on financial and operational performance.[23] The detailed added value of accrual accounting at an operational level is set forth in the table in Annex 1 presenting result chains.

Figure 6. The logic impact model

ACCRUAL DATA IS A BUILDING BLOCK FOR BETTER FISCAL INFORMATION

It is often stated in academic literature that accrual accounting is the foundation of good fiscal management, because it complements cash accounting that governments may be tempted to exploit by deferring cash disbursements, bringing forward cash receipts or failing to disclose public sector liabilities and commitments. Also, academic studies often consider than accrual reforms should lead to new, better ways of assessing the financial position of governments, for example by analysing variations of public sector net worth. While these arguments are undoubtedly valid, countries do not often mention them as specific objectives or outcomes of their accrual accounting reforms. Very few countries, for example, have adopted new, balance-sheet based, fiscal headlines following accrual reforms or developed government-specific financial ratios. Rather, the bulk of countries consider that benefits of accrual reforms are more likely to be indirect.

In the context of rising deficits and public debt levels, debt transparency has become of critical importance for several reasons: creditors need to fully assess the debt sustainability of their potential borrowers, citizens need to be able to hold their governments accountable for the debt they take on, and borrowers need to design strategies based on a clear understanding of the level and cost/risk profile of their debt portfolio. Deficit and debt figures are determined through governmental accounting and national accounting systems. The quality and comprehensiveness of data produced by those systems would impact the Government's ability to assess its finances and assets and take informed and proper decisions. Some experts argue that the absence of accrual accounting with full disclosure of public debt data in the public sector is the underlying cause of the debt crisis. Finance ministries trying to convince the wide set of stakeholders of the usefulness of accrual reforms may want to point out that outcomes should be assessed not only in terms of direct impacts from publication of accrual-based financial statements, but also in terms of indirect benefits on quality and completeness of fiscal reports as well as overall improvements to fiscal transparency, which are likely to be more significant.

One of the pillars of debt transparency is the dissemination of timely, comprehensive, and accurate data. To get a complete picture of how well countries are doing on these measures, the World Bank has created a *Debt Transparency: Debt Reporting Heat Map*[24] that showcases public debt data dissemination practices in IDA countries. The map monitors hundreds of public websites of national authorities to assess countries' performance along key indicators such as accessibility, coverage, frequency of debt statistics, and the availability of a debt strategy and annual borrowing plan. The heatmap is updated on a semi-annual basis, with the aim of fostering countries' efforts to improve their dissemination strategies.

[23] Getting added value out of accruals reforms, OECD Journal on Budgeting: Volume 2018/1, Moretti and Youngberry, OECD (2018)
[24] https://www.worldbank.org/en/topic/debt/brief/debt-transparency-report

CASE STUDY 3: 65 YEARS OF BUDGET DEFICIT IN AUSTRIA

BERNHARD SCHATZ, MEMBER OF THE REFORM TEAM IN THE AUSTRIAN MINISTRY OF FINANCE AT THE TIME OF THE IPSAS REFORMS, SUBSEQUENTLY EXPERT IN THE AUSTRIAN COURT OF AUDITORS, NOW MEMBER OF THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB) AND SENIOR MANAGER, PRICEWATERHOUSECOOPERS

The main driver for public sector accounting reform in Austria can be regarded at two levels:

- **Federal level.** Federal level reporting both for budget execution reporting and financial reporting was regarded as old-fashioned and still used systems that dated from the 1930s. *The federal level budget had not had a surplus for 65 years and it was clear this was not sustainable.*
- **State and municipality level.** There had been various financial public sector scandals notably, in the wake of the 2008 financial crisis, the collapse of the Carinthia state's Hypo Alpe-Adria-Bank. This brought the state to the verge of bankruptcy requiring support from the federal level government. One outcome of this crisis was a demand for comprehensive state and municipality-level financial statements which previously, among other things, did not include consolidated financial statements, only included cash flows rather than accruals, and did not disclose the state guarantees.

Other technical drivers for the reform included:

- **New accounting information systems.** Many years before the reform, the government had introduced a new accounting information system to replace its multiplicity of old systems. In common with all modern accounting systems, this new system already had accruals accounting functionality. At the time of the introduction of the new system, it had required a considerable effort to constrain its accruals functionality so that it could work only on a cash basis. The move to accruals accounting was a relatively simple matter from the perspective of switching back on its accrual functionality.
- **Financial staff.** On a similar theme, newly recruited public sector finance staff tended to have been educated in accruals and so it was costly to essentially retrain them on cash accounting. It could be noted here that incumbent finance staff tended to have made a career out of cash accounting and so were resistant to the introduction of accrual-based techniques – essentially, they could be regarded as having nothing to gain but a lot to lose.

THE CRITICAL ROLE OF TRAINING AND EDUCATION TO OBTAIN BUY-IN

As international standards of public sector accounting are promoted, it is also critical that national stakeholders—accountants, auditors, nongovernmental organizations, or staff of parliamentary budget offices—have training opportunities to understand these in depth, understand their benefits and create drive for the reform. This is critical for enabling such stakeholders to have an informed discussion both about how principles and standards should be adopted and adapted into national systems, as well as to judge whether applications once introduced are done appropriately. Conversely, if standards are widely promoted, but with little check on how they are applied in practice, this can incentivize mimicry, that is to say, an imitation of standards without a real intention or capacity to use these toward intended effects.[25]

[25] Political Economy of Public Financial Management Reforms – Experiences and Implications for Dialogue and Operational Engagement, Fritz, Verhoeven and Avenia, World Bank Group (2017)

EXTERNAL TECHNICAL DRIVERS

There are various external drivers for public sector accrual accounting reform such as international financial institutions and trading blocs. Foremost amongst these in the context of the PULSAR countries is the European Commission and the requirements of the European Union. Not far behind are the surveillance requirements of institutions such as the International Monetary Fund which to a large extent are consistent with the requirements of the EU. There may also be an element of competition between countries, particularly those countries in the EU's European Neighbourhood Policy and Enlargement regions.

From the external perspective of the European Commission, ensuring uniform and comparable accrual-based accounting practices for all sectors of general government within the EU enhances the quality of the data on which reporting in accordance with European System of Accounts (ESA) is based, and consequently improves budget surveillance and fiscal monitoring at macro level to enable sound fiscal policy decision-making.[26]

Currently, fiscal monitoring at EU macro level uses a statistical framework. Article 126 of the Treaty on the Functioning of the European Union (TFEU) states that "Member States shall avoid excessive government deficits" and requires the Commission to monitor the ratio of planned or actual government deficit, and the ratio of government debt to gross domestic product. Neither of these indicators should in principle exceed the reference values specified in Protocol No 12 on the excessive deficit procedure, annexed to the Treaties. The Protocol defines these values as 3% and 60%, respectively, for deficit and debt, and lays down the requirement that they follow the definitions of the European System of Integrated Economic Accounts (ESA 2010), which is the statistical framework for describing the economy.[27]

ESA 2010 records flows on an accrual basis. Hence the accruals-based approach to measurement is followed throughout the system of national accounts, including for general government. Accruals accounting is the basis for all macro statistical accounting, such as in the ESA, since it is best suited for analysis, surveillance, and policy advice. But the ESA is a macro statistical framework. It is not applicable at the micro level of individual entities. Thus, compiling ESA accounts means using the available entity-level accounts, which have themselves been compiled according to national government accounting standards and transforming them into ESA terms. When these national government accounting standards are cash-based there is a need to transform them into accruals data, and this can create many difficulties.[28] Having entity-level audited financial reporting data on the accrual basis would substantially reduce the risk of systematic errors in the data used for preparing government finance statistics and hence in the data used for policy-making.[29]

Article 3 of Council Directive 2011/85/EU states that: *As concerns national systems of public accounting, Member States shall have in place public accounting systems comprehensively and consistently covering all sub-sectors of general government and containing the information needed to generate accruals data with a view to preparing data based on the ESA 95 standards (currently ESA 2010 are required in EU). Those public accounting systems shall be subject to internal control and independent audits.*[30]

SPECIFIC STAKEHOLDERS' DRIVERS OF PUBLIC SECTOR ACCOUNTING REFORM

Effective PFM systems need high quality, professionally qualified finance personnel. It is equally clear that professional accountancy organizations (PAOs) have a unique role to play in ensuring the supply of these vital individuals. Yet, in many countries around the world, the profession's engagement with the public sector in this regard is often limited and occasionally non-existent.[31] However the landscape is changing and PAOs acknowledge that they can play more prominent role in pressuring governments around the world to reform their financial management systems amid global challenges.

[26] Collection of information related to the potential impact, including costs, of implementing accrual accounting in the public sector and technical analysis of the suitability of individual IPSAS standards, Prepared for the European Commission, PwC (2014)
[27] Towards implementing harmonized public sector accounting standards in Member States, European Commission Staff Working Document (2013)
[28] ESA accounts are produced in many EU countries from cash-based public accounting systems, to which a series of 'accruals adjustments' are made. These adjustments are estimated on a macro basis, and as a result they are approximations. Where there are no accruals accounts at the micro level, financial transactions and balance sheets have to be derived from a mix of different sources, leading to a 'statistical discrepancy' between the deficit compiled via non-financial accounts and the deficit compiled via financial accounts.
[29] Towards implementing harmonized public sector accounting standards in Member States, European Commission Staff Working Document (2013)
[30] Ibid
[31] For example, PAOs in only four out of the 14 PULSAR jurisdictions provide professional training and continuing education specifically for public sector accountants. See "Stocktaking of Public Sector Accounting and Reporting Environment in PULSAR Beneficiary Countries" – The World Bank, (2020)

Professionals from around the globe are aware of what is needed and have the skills to effect change to support capacity building. The decision to act, however, lies with governments, and so it is the profession's duty to use its voice to inform, encourage, and where necessary pressure governments to reform their PFM systems.

One of the examples when the PAO acts as a driver of public sector accounting reforms is the Chartered Institute of Public Finance and Accountancy (CIPFA) in the United Kingdom (UK). Over the years CIPFA leads the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money. It promotes accrual-based accounting by helping governments implement IPSAS.

In November 2018, CIPFA and IFAC launched a joint report on developments of a new index in the International Public Sector Financial Accountability,[32] which provides a picture of the extent of accrual accounting and adoption of International Public Sector Accounting Standards. It also aims to provide a better understanding of accounting and budgeting reform plans and help stimulate PFM reforms.

The table below presents various stakeholders' typical drivers of public sector accounting reform.

Table 1. PSA stakeholders' groups with drivers

Stakeholder	Driver
All stakeholders	• Better information and management of resources including on income, expenditures, assets, debt and debt financing costs, liabilities, and contingent liabilities • More timely information for decision-making, performance-evaluation, and accountability • Help with the operation of public services across the world by improving the flow of financial information and reducing the burden of regulation and compliance **Reasons for resistance can include:** • Transparency reduces the operation of informal rules, discretion, power and opportunities for abuse of power including corruption • Vested interests in maintaining the status quo: New participants and rules are a threat • Fear/reluctance of increased responsibility for financial performance especially if currently responsibility framework is washed out • Knowledge of how the present system operates: No desire to learn new systems, rules, reports and be subject to greater scrutiny
Government **Ministry of Finance**	• Present a fair view of public finances • Better fiscal information including reduction of fiscal illusion. • Increased assets management • Crucial step towards implementing accrual budgeting including addressing negative consequences of cash-based budgets such as cyclical stop-go behaviours of budget participants • Higher-level skills of public accountants to match the increased complexity in the public sector, ranging for example from the funding and development of infrastructure projects to unique models of service delivery (for instance, Public private partnership models are often required to access funding, bringing complexities in governance, accounting and reporting)

[32] International Public Sector Financial Accountability Index- Status Report 2018, CIPFA, IFAC https://www.ifac.org/system/files/uploads/IFAC/IFAC-CIPFA-Public-Sector-Index-2018-Status.pdf

Stakeholder	Driver
Ministries **Budget entities** **Subnational government**	• Better oversight and monitoring of departments and regions • Better information on full costing of programs or budget entities • Enabling spending reviews to assess impact and effectiveness of various programs and prioritization
Parliament **Supreme Audit Institution**	• Easier scrutiny, more information which can be used during audits, reviews, debates • Opportunity for staff career development and increased capacity of accountants in the public sector • If introduced along with modern information systems, the ability directly to access and query real-time accounting data • Stimulation of demand for the Government to be more accountable in its stewardship of public resources • More transparency to national budget • Quality of accrual basis accounting is improved by securing the reliability of the Government's financial statements • Promotion of the effective utilization of financial data obtained from accrual basis accounting
National statistical office **Fiscal authorities**	• Easier and more accurate compilation of ESA, GFS, fiscal risk reports other statistical data because of the reduced need to make transformation adjustments and estimates in order comply with their accruals basis requirements
European Union **International Monetary Fund** **International Finance Institutions**	• Easier monitoring of statistical and other surveillance reports including ESA, GFS, and excessive deficit monitoring • Country comparability
Opposition **NGOs** **Civil society**	• Easier public scrutiny. The government, by adopting international public sector accounting standards or similar developed by independent standard-setters, has less scope to devise or adopt only favourable accounting standards and choose to ignore unfavourable ones • Easier to benchmark internationally • More opportunities to influence the Government by having access to a complete picture over the Government's finances • Increased understanding on how the public purse is managed and whether taxes are used efficiently and effectively • Contribution to building citizen literacy on public sector accounting

Stakeholder	Driver
Chief Accountants **Accountants**	• Greater prestige and visibility Moving from bookkeeping to accounting and financial management • Strengthened role especially if accountants will be charged with increased responsibility: shift from the provision of information about expenditure against the budget and acting as a financial controller, to the expanded role of performing the analysis of costs and financial trends, preparing strategic forecasts and presenting policy recommendations to managers • As international standards are becoming more complex professional accountants will be needed for managing accounting systems, preparation of financial statements, and other financial reports, and providing interpretations thereof for management etc. • Increased ability to make or influence policy frameworks and day- to- day decisions • Career development in terms of learning new skills and techniques • The required greater technical skills might result in a pay rise • More routes to enter public sector for accountants from the private sector and those graduating from modern programs of accountancy education
Professional accountancy organizations	• Greater prestige and raised interest in accounting • New members from public sector • Increased credibility of the accountancy profession by removing unjustified differences in the treatment of similar items between different countries • Revenue generation from publications and delivering training and qualifications
Academics **Universities and institutions of higher education**	• Greater demand for their services in terms of reviewing proposed public sector standards, publications, research work • More students interested in accounting faculties which can translate into the bigger budgets • Greater relevance of and demand for public sector accountancy education programs • More simplification on the education and training of accountants by having common principles to understand, which will also help remove a barrier to the portability of their skills and qualifications

CASE STUDY 4: STAKEHOLDERS' PRESSURE TO MOVE TO ACCRUALS IN SWITZERLAND

PROF. DR. ANDREAS BERGMAN AND **DR. SANDRO FUCHS,** ZURICH UNIVERSITY OF APPLIED SCIENCES, SWITZERLAND

The implementation of accruals in the 1970s/80s at subnational level was driven by statistical requirements which predated GFSM. This explains the strong focus on the Chart of Accounts, which can still be observed today, forty years later.

Swiss politicians, in particular at local and state level, but even to some degree at national level, are "part timers". They have a day job, often in a private sector company. Therefore, their professional experience is usually based on private sector accounting – which has been on the accrual basis for ages. The government not being on an accrual basis always needed a lot of additional explanation. This became even more painful, after local and state levels had implemented accruals in the 1970/80s, because most politicians start their political career at subnational level and were only confronted with the federal level cash accounting once they reached a rather senior stage of their career.

The other issue with federal cash accounting was the lack of availability of a cash accounting software package feasible for large entities such as the federal government. In the early 2000s they were indeed still looking for this, but with no success. Of course, SAP/Oracle can be configured that way, but fundamentally, that software is designed for accrual accounting. That was another reason why cash accounting could no longer be defended.

In summary, the decision of the federal government to also adopt accrual accounting, was due to strong pressure from stakeholders (statistical requirements, subnational governments, politicians, IT providers).

5

NON-TECHNICAL DRIVERS

TYPES OF NON-TECHNICAL DRIVERS

Politics, incentives and informal institutions are examples of internal drivers that play an important role in delivering domestic accountability, which involves the following concepts:

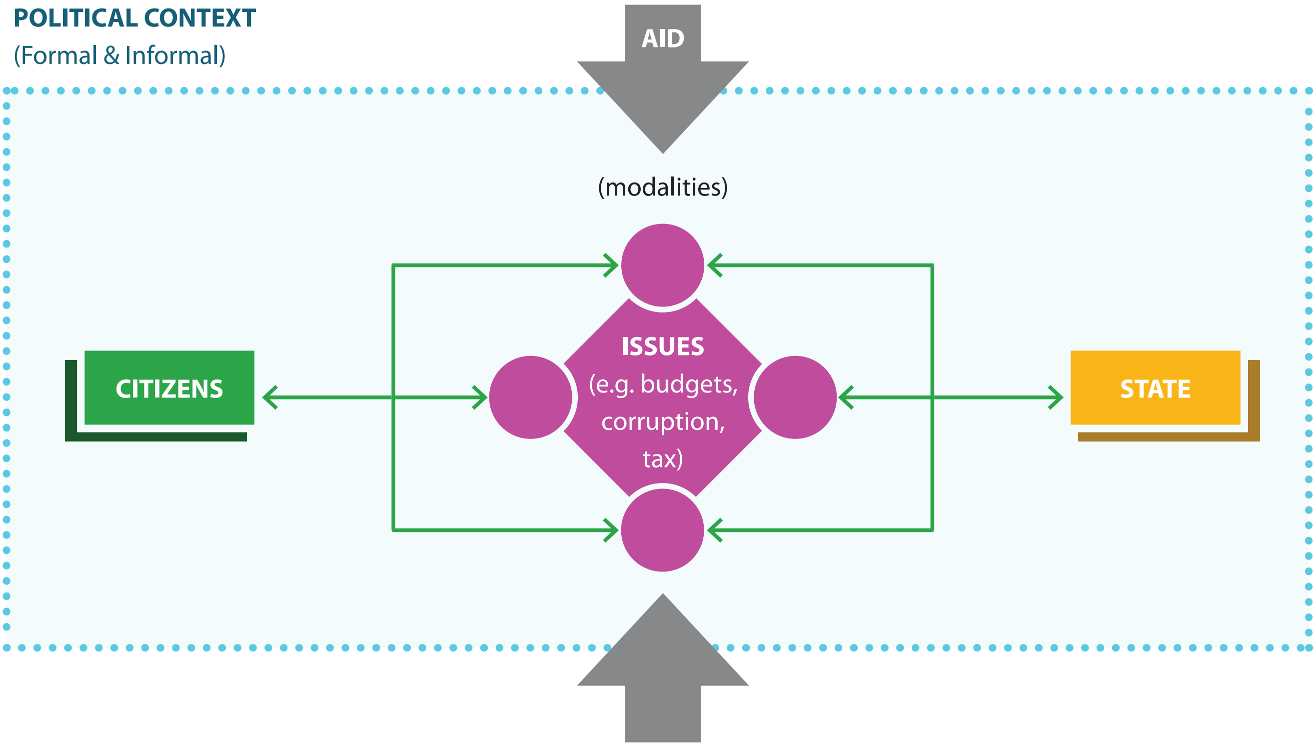
- **Transparency** - citizens have access to information about commitments that the state has made and whether it has met those commitments
- **Answerability** - citizens are able to demand that the state justifies its actions
- **Enforceability** - citizens are able to sanction the state if it fails to meet certain standards
- **Domestic accountability** - may further be regarded in a horizontal dimension (the system of checks and balances among the executive, the legislative and the judiciary) and a vertical dimension (the relationship between the citizens and decision-makers)

Figure 7 depicts interactions of the main actors including state, citizens, donors, non-aid external drivers facing development issues under existing governance and political reality. States that are accountable to their citizens are a key element of governance that is good for development. Domestic accountability – in this context the ability of citizens to hold the state answerable for its actions, and ultimately to impose sanctions for poor performance – provides states with an incentive to respond to the needs of their citizens. Ensuring effective domestic accountability is an ongoing challenge for all countries. In many developing countries, states are only weakly accountable to their citizens. Domestic accountability is driven in large part by domestic politics, but the actions of donors and other "external" actors – in relation to aid and non-aid matters – do contribute to shaping domestic accountability and governance in developing countries. Donors, working in partnership with developing countries, have a responsibility to act, at home and abroad, in ways that strengthen, rather than undermine, domestic accountability.

The interrelationships between these factors illustrated in Figure 7 should be also considered for issues related to poor fiscal transparency and accountability with underlying issues in PSA.[33]

[33] Background Paper for the Launch of the Workstream on Aid and Domestic Accountability, Hudson A. and GOVNET, OECD DAC GOVNET (2009)

Figure 7. Accountability systems around particular issues – sources of non-technical drivers[34]



STRATEGIES TO ASSESS AND ADDRESS NON-TECHNICAL DRIVERS

In contrast to technical drivers, strategies to address non-technical drivers of public sector accounting reform do not fall into neat categories. They tend to be very specific to the actors, interests and issues. By extension, there are no neat and easy methods of assessing non-technical drivers. This section therefore discusses how non-technical drivers might be assessed at a *theoretical* level.

Non-technical internal drivers of policy reform can be structured into three categories: institutions, interests, and ideas. This tri-partite framework, although applicable to policy reform generally, usefully captures the salient features of any policy process and provides a valuable structure for analysis of reform efforts.[35]

It is critical to explore with counterparts what they perceive as their core problems and how they seek to address them. While there may be different views and not a complete or easy set of solutions that emerges, such an approach should help avoid just introducing another reform tool.[36]

In the same vein, raise the question of potential blockages for reform. As we increase knowledge from various countries about blockages— for example, subnational governments/power holders, line ministries— we can probe whether such blockages are likely to play a role in a given context and discuss what this implies for reform design.[37]

[34] Source: Background Paper for the Launch of the Workstream on Aid and Domestic Accountability, Hudson A. and GOVNET, OECD (2009)
[35] Non-Technical Drivers of Tax Administration Reform – DIAMOND Module, Global Tax Team, The World Bank Group, (2017)
[36] Political Economy of Public Financial Management Reforms – Experiences and Implications for Dialogue and Operational Engagement, Fritz, Verhoeven and Avenia, World Bank Group (2017)
[37] Ibid

Table 2. Internal Non-technical drivers of reform[38]

Driver	Description
Institutions (Formal and Informal)	• Organizations—governmental ministries, legislatures, courts, media, NGOs—as well as the formal and informal rules, norms, expectations, and customs that structure the policy process. • Define the basic rules of the road under which actors pursue their interests.
Interests, Actors, and Support for Reform	• Interests are specific objectives sought by various actors that affect the policy process, typically as reflected through their expressed preferences (e.g., through public statements or policy documents). • Generally, individuals and groups are more likely to mobilize and form coalitions to pursue their interests if their costs or benefits due to a policy are concentrated, rather than diffused.
Ideas and the Potential for Change	• Ideas are policy options and recommendations derived from descriptive research and normative values: what is and what ought to be. • Ideas can be introduced by any actor within the policy process, and often by policy experts and policy entrepreneurs within the government, civil society, and international community. • In particular, networks of policy experts in international institutions and academia can be valuable sources of analysis and innovation for policy ideas.

Understanding and discussing what has gone wrong or has not worked as expected in the past and why is a good technique. Much better knowledge about "what has gone wrong where" can also help teams test what risks might exist based on experience from other countries.[39]

Probing the views and buy-in from stakeholders beyond core Central Finance Agencies (CFA) is critical for most PFM reforms. Resistance to reforms can come from parliaments, subnational levels, as well as banks or other stakeholders that are often not fully considered. Subnational governments and frontline spending units may have important perspectives on what the key bottlenecks are toward ensuring that PFM contributes to better service delivery. Broad enough buy-in is also important within CFAs, as in many countries, ministers come and go, but at least core staff often stay.[40]

[38] Source: The World Bank, Non-Technical Drivers of Tax Administration Reform, (2017)
[39] Political Economy of Public Financial Management Reforms – Experiences and Implications for Dialogue and Operational Engagement, Fritz, Verhoeven and Avenia, World Bank Group (2017)
[40] Ibid

CASE STUDY 5: DRIVERS OF PSA REFORM IN GEORGIA

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CONTEXT

After the election of a pro-reform government in 2003, the government asked International Finance Institutions (IFIs) and bilateral donors to mobilize financial and technical assistance to support rapid development. The Fiscal Affairs Department (FAD) of the IMF produced a Technical Assistance report "Accelerating Treasury Reforms" which identified public sector accounting as one of the key areas for reform. The FAD then mobilized a resident TA advisor to assist the Treasury to develop an action plan to implement International Public Sector Accounting Standards (IPSAS) over the period 2006-2015 (later extended to 2020).

Drivers of public sector accounting reform in Georgia included:

High level commitment and aspiration to reforming public institutions and strengthening governance paired with financial and technical assistance from the IFIs and bilateral donors.

Donor support was significant during implementation, particularly from the World Bank, the UK's Department for International Development, the Swedish International Development Agency, and the Netherlands which together established a multi donor trust fund. This financed the Public Sector Financial Management Reform Support Project over the period 2007-2012 which had four main components: Medium-Term Budgetary Framework and Budget planning; Treasury and Budget Execution; Human Resource Management Information System; and Public oversight. Under the second component, the Georgians were able to attract and finance some of the best available IPSAS experts.

RESULTS

As reforms gained momentum over the period 2004-2009, every aspect of the economy and public sector showed progress. Safety and zero crime became a new norm, corruption almost disappeared, the banking sector thrived, investment surged, and salaries increased year on year. There was a great sense of everyone coming together to be a part of the development and "add another brick to the wall." Clearly PSA reform included in the broader public sector financial management reform was only one part of the government's overall reform program. However, PSA reform and the greater availability of more reliable financial information is considered to have been an important factor helping reforms gain momentum.

YOUNG AND MOTIVATED TEAM

Public Sector Accounting Methodology, as a function, was transferred from the Budget Department to the State Treasury in 2005. Leveraging and building on the existing capacity of the team who was previously engaged in analysing public institutions' quarterly balance sheets, the Treasury recruited new graduate staff. The team acknowledged the importance of the reform and their role and appreciated the vast opportunity for their professional development provided by the donor-funded projects which was quite scarce in other areas of Treasury work.

ACTIVELY ENGAGED SENIOR MANAGEMENT

The Deputy Head of the Treasury Service was closely engaged in the process and checking in on the Public Sector Accounting Methodology team, brainstorming with them, taking decisions on technical issues, trying to find ways to finance certain activities including approaching donors.

ASSESSMENT TOOLS

An ideal tool to support public accounting reform should include not only a diagnosis of current framework, capacity and practice, guide on formulation of reform roadmaps but should also identify drivers and obstacles to the reform and propose how to address them.

To achieve meaningful and realistic public sector accounting reform it is essential to have a comprehensive understanding of a country's public sector accounting environment. The World Bank's diagnostic tool, the *Report on the Enhancement of Public Sector Financial Reporting* (REPF) – Diagnostic Tool[41] supports such assessments which can inform further reform plans. The REPF enables i) the systematic collection of information on a country's public sector financial reporting framework, comprising its public sector accounting environment; and ii) assessment of the gap between the country's public sector accounting standards and International Public Sector Accounting Standards (IPSAS), the recognized international benchmark standard for public sector accounting. Currently REPF tool is subject to updates and will convert into comprehensive scoring-based tool PULSE.

Next generation assessment tool should also facilitate preparation of the reform plans, identification of drivers and obstacles of reforms or political economy aspects which can either support or hinder reforms.

Good Practice Template: Roadmap to Public Sector Accounting Reform[42] is a tool supporting preparation and implementation of reforms by highlighting key issues and objectives, summarizing 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, implementation strategy presented in a structured way - as a kind of checklist.

Some of the earlier World Bank tools such as *Institutional and Governance Reviews* (IGR), are examples of analytical reports that focused on the functioning of key public institutions. They analysed the feasibility of reform recommendations with a rigorous assessment of political realities and constraints to reform. The purpose of IGRs[43] were to inform country strategies and operational priorities by identifying institutional weaknesses that are contributing to measurable performance problems, by helping to improve the design of projects, and by providing a basis for rigorously prioritizing reforms according to institutional or political feasibility. Their examination of political issues and motives reinforced the vital point that short-term, purely technical applications will not solve problems that have deep political roots.[44] **Annex 3** provides some examples of IGRs which analysed obstacles and failures of reforms, albeit not related to public sector accounting.

[41] https://cfrr.worldbank.org/publications/report-enhancement-public-sector-financial-reporting-repf-diagnostic-tool
[42] https://cfrr.worldbank.org/index.php/publications/roadmap-public-sector-accounting-reform-good-practice-template
[43] IGRs responded to the challenge of moving away from the "best practice" model that has proved less than successful in fostering institutional reform. In the best-practice approach, problems in formal institutional arrangements are highlighted, and advice and incentives to address the problems are provided. Governments are urged to make their civil services more meritocratic and their budget processes more performance-focused, but without any pragmatic guide to how those changes could be introduced given political realities. A "best fit" approach, by contrast, asks, "What would work here?" In pursuing "best fit," IGRs sought to provide governments with ideas about the trade-offs between approaches, rather than to dictate which approach to follow.
[44] Empowerment and Poverty Reduction. A Sourcebook, Tools and Practices 15 - Institutional and Governance Reviews, World Bank (2002)

WINDOWS OF OPPORTUNITY TO ADDRESS NON-TECHNICAL DRIVERS

Windows of opportunity are important in terms of and as a strategy to address non-technical drivers though it can be difficult to effectively provide support to incoming, highly reform-oriented governments. The opportunities for PFM reforms can vary considerably between one government and the next. A government that is strongly interested and motivated to pursue reforms can achieve more in two to three years than it is likely to be achieved with a government not interested in improving governance and the management of public finance over a period of eight or ten years. One option can be to have an existing project in place that straddles an election period with sufficient built-in flexibility to be adjusted to a new government's needs and intentions, either through a rapid restructuring and reauthorization process, or through within-project flexibility.

For the majority of time outside of windows of opportunities, it remains worth pursuing improvements, but progress is likely to be incremental and frustrating to those seeking a faster pace and tangible results. A key potential benefit is to "have something ready to move" when windows of opportunity arise and—also importantly—to sustain some of the gains that may have been made during previous "windows".[45]

[45] Political Economy of Public Financial Management Reforms – Experiences and Implications for Dialogue and Operational Engagement, Fritz, Verhoeven and Avenia, World Bank Group (2017)

ANNEX 1. RESULTS CHAIN OF PUBLIC SECTOR ACCOUNTING REFORMS

Table 3. Objectives, issues, steps, results, expected outcomes, and impact of accrual accounting[46]

Issue	Steps to be taken	Results	Expected Outcomes	Impact
Objective: Providing a „true and fair" view of public finances				
Accounts publication have no impact on perception of government openness because of initial audit qualifications	1) Professionalization of the finance function; 2) Modernization of IT systems and business processes; 3) Development of risks management and internal control within government	Improving fiscal transparency and accountability; Presenting a fair view of the public finances	Removal of audit qualifications leading to greater use and promotion of accrual accounts by expert groups	Financial Statements are the main and reliable source of information on financial performance of public finances
Objective: Providing better analysis on the state of public finances				
Accrual data considered irrelevant for analysing government financial position (e.g. lack of meaning of "net worth")	1) Develop accounting data sets covering more than 3 years to identify and analyse variations on longer timescale; 2) Integrate systematically information from the accounts in fiscal sustainability analysis and fiscal risks analysis	Recording assets and liabilities, including infrastructure assets and employee entitlements that would also help assess the full magnitude of resources consumed by government	Raising quality of wide range of fiscal reports (i.e. use audited accounts as a "building block" for improving reliability of fiscal reports as a whole)	The net worth of the state/public sector linked with government accountability; accrual data effectively used for decision making

[46] Source: Moretti and Youngberry, Getting added value out of accruals reforms, OECD Journal on Budgeting: Volume 2018/1, OECD (2018) with adaptation by the World Bank

Issue	Steps to be taken	Results	Expected Outcomes	Impact
Objective: Raising awareness of the general public on public finances				
Accounts are too technical for the media and general public	1) Simplification; 2) Brochures; 3) Open budget data 4) Non-conventional public-friendly presentation of the balance sheet	Improving fiscal transparency and accountability	Greater media and civil society engagement	Increased accountability of the government/ authorities due to public pressure
Objective: Defining more comprehensive fiscal objectives				
Fiscal policy remains done on cash and/or assessed against statistics	1) Adopt fiscal headlines/ rules set on accrual accounting terms; 2) Harmonization of standards (to the extent possible) to avoid confusion as to which sets of accounts presents a reliable portrayal of results against objectives	Helping the government translate its strategy into accurately costed action	Greater political interest in accrual forecasts and accounts	New KPIs based on accrual accounting; new fiscal rules used in international comparison
Objective: Budgeting for cash and non-cash operations				
Budget decision making remains done based on cash considerations only	Use policy costing on accrual basis for selected financial operations (e.g. long term and financial operations)	Promoting informed decision making	Better decision making by policy makers	Improved financial planning and allocation of resources
Objective: Reinforcing parliament's year end scrutiny				
Parliament does not scrutinize accounts	1) Provide technical support to parliament (auditors, parliamentary budget offices); 2) Highlight and comment information that is relevant to parliamentary work (e.g. high financial impact, significant annual variations; clear link to policy implementation)	Strengthening the institutional capacity for budgeting, expenditure management, and the financial management of governmental operations	Parliamentary questions/ investigations	Improved link between financial statements and policy implementation

Issue	Steps to be taken	Results	Expected Outcomes	Impact
Objective: Management of assets and liabilities				
No understanding of risks, challenges and opportunities associated with assets and liabilities	1) identification of surplus assets exercises; 2) using of capital charges; 3) overall balances sheet analysis	Improving the understanding of borrowing costs	Rationalized acquisition/disposal decisions on assets and liabilities	Improved use of assets and management of debt, liabilities and contingencies
Objective: Performance evaluation including accrual based KPIs, spending reviews, value for money assessments				
Performance evaluation makes no use of accrual financial data	1) develop cost accounting as a tool for benchmarking; 2) charging of government services using full cost information	Assessing the full costs of polices, programs, and government operations	Greater managerial interest in accrual data quality/use	More efficient and effective use of resources and reallocation to priority areas
Objective: Entity level management				
Monitoring based on cash transfers	Develop entity-level 1) management and 2) sustainability accrual indicators (e.g. aging of payables, stock of liquid assets, etc.)	Measuring the result of operations of government entities	Better monitoring of entities	Improved financial performance of entities linked with public service delivery fully funded by the state budget

ANNEX 2. ALBANIA CASE STUDY

DR. DRITAN FINO, DIRECTOR, MINISTRY OF FINANCE AND ECONOMY, ALBANIA

There are many reasons why the Republic of Albania undertook reform on the public sector accounting to implement accrual accounting standards. The purpose of implementing accrual accounting in general government units is to make the conceptual underpinnings of general government sector financial reporting consistent with IPSAS, in order to have a complete understanding of the underlying financial position, to drive better decision-making that prioritizes the long-term sustainability of public finances, and to minimize recording and reporting error. Public sector accounting in Albania has been subject to a number of inadequacies, for example:

- There is a degree of uncertainty regarding the precise composition of public sector entities and this needs to be resolved in conjunction with any planned steps for consolidation of financial statements. The Albanian Government Financial Information System (AGFIS) does not generate a precise list of all controlling entities and their respective subordinate units and agencies
- The legal framework for public sector financial accounting and reporting is complex, fragmented, and ambiguous
- Formal public sector accounting standards do not exist
- Staffing, in particular professional accounting staff, is limited. There are only two accountants on average across the wider public sector entities. Success in attracting highly skilled finance professionals from the private sector or keeping top talent in the public sector is minimal as the private sector can offer significantly higher remuneration
- There is no professional education and qualification offered in the fields of public sector finance and accounting
- There is no professional body in Albania for public sector finance professionals
- There is no code of ethics for accountants in the public sector
- There are, broadly speaking, two sets of Information Technology accounting systems: the AGFIS that is currently not fully functional but is used across most of the public sector; and the myriad of, mostly local, IT accounting systems used in public sector entities that serve primarily to make up for the lack of full functionality of AGFIS

Based on these reasons it is very important to enhance public sector accounting in Albania. The enhancement of public sector financial reporting is not be viewed as an objective for its own sake -- it is considerably more than this. High quality public sector financial reporting is the cornerstone of a well-functioning public sector and at the heart of a public sector that delivers value for money. Improving the quality of financial reporting information in Albania will have a significant and positive impact for the citizens of Albania and for the international community.

The enhanced public sector financial reporting will:

- **Provide greater transparency and accountability of the financial decisions made by jurisdictions for donors, citizens and investors.** Maintaining trust in the government is important for maintaining democracy. Reliable information is very important for all the international donors and for the European integration process of Albania, so that donors better understand the situation in our country to give their assistance. It is also one of the requirements of the negotiations process for EU accession. Also, the implementation of accrual accounting in Albania is important for statistical reporting for Eurostat.

- **Provide complete information to aid better decision making,** for example, through a better understanding of all assets and liabilities. Complete information is invaluable in effective medium-term financial planning to enable more effective use of public funds to deliver improved outcomes for citizens. Also, better decision making is needed in the international financial markets to secure long-terms loans.
- **Ensure a complete inventory of assets and stocks that will enable entities to assess whether these are being used effectively, efficiently and economically to deliver public services.** All government entities within a jurisdiction following the same accounting framework allows for comparisons and identification of best practice that can be replicated across other government entities to eliminate waste.
- **Improve the quality of the government reporting framework.** Improvement is an important factor in the assessment of a country's financial stability and attractiveness for investment. By using an internationally recognised reporting framework the government's accrual-based financial statements will support fairer and more accurate credit ratings and encourage foreign direct investment.
- **Enhance governance of public finances through greater transparency and accountability required by the disclosure of government assets and liabilities.** This additional scrutiny will drive a more informed debate on the sustainability of public finances and how best to use limited finances to deliver the best outcomes for the citizen.
- **Support the harmonization of private sector and public sector accounting.** In recent years in Albania there have been many changes and improvements in the field of private sector accounting, so it is very important to improve accounting in the public sector as well and to establish a regulated profession of public finance officers.
- **Assist Non-Government Organizations to acquire better information.** Non-Government Organisations are becoming more active in requiring more transparent information and to obtain accurate and reliable data about the financial situation of the state.

Political support is much needed. The Government committed in the PFM strategy to implement accrual accounting, and the Ministry of Finance is the responsible institution for it. Beside driving the reform from the technical aspect, a more powerful and energetic political support, especially from the Minister of Finance, facilitates a lot the technical efforts. Implementing IPSAS is not an easy challenge, and this kind of support is much needed.

ANNEX 3. POLITICAL ECONOMY - INSTITUTIONAL AND GOVERNANCE REVIEW CASE STUDIES ON OBSTACLES AND FAILURE OF REFORMS

Political economy aspects should be considered in analysing and addressing obstacles and failure of any reforms including PSA reforms. This section presents two case studies of political economy and institutional analyses extracted from older World Bank Institutional and Governance Reviews (IGRs) which report on non-technical drivers and the strategies devised to address them. They may prove useful references to administrations helping to understand key obstacles and consider strong non-technical drivers of PSA reforms.

CASE 1. THE WORLD BANK INSTITUTIONAL AND GOVERNANCE REVIEW FOUND INFORMALITY TO BE THE PRIMARY OBSTACLE TO INSTITUTIONAL DEVELOPMENT.

Informality was a problem in several areas of public administration, including public expenditure, personnel management, and implementation of the Financial Management and Control Law. The underlying causes of informality were identified as stemming from political dynamics in the country, which produced a system of patronage and clientelism. In particular, the IGR cited:[47]

- Politicians' interest in obtaining electoral support from and exerting control over the bureaucracy by distributing public jobs and other types of rents and placing "persons of confidence" in critical bureaucratic posts
- A weak private sector that failed to generate employment opportunities for the middle class, encouraging some segments of the population to seek employment in the public sector
- A fragmented party system that forced political parties to negotiate coalition agreements

This led to:[48]

- In public expenditure management, significant deviations between approved and executed budgets which were the result of inadequate central control over details of resource allocation and use, combined with unrestrained, opportunistic spending behaviours by line agencies
- In personnel management, several areas of informality including the widespread use of consultants for line functions because agencies had difficulty attracting qualified personnel because regular government employees had low salaries
- In the implementation of the Law of Financial Management Control, failure to implement the law fully was primarily the result of limited commitment on the part of the Ministry of Finance and resistance from public officials. The IGR survey showed that in the nine years since promulgation of the law, public officials had not internalized its norms and values; most did not believe the law encouraged officials to focus on results or improved their agency's efficiency

[47] Empowerment and Poverty Reduction. A Sourcebook, Tools and Practices 15 - Institutional and Governance Reviews, World Bank (2002)
[48] Ibid

The IGR set out three alternative arrangements: public action by a centralized bureaucratic hierarchy, by an insulated autonomous agency, or by decentralized and participatory local governments. Opening up the agenda in this way provides a fertile basis for exploring what sequence of actions— including the relative emphasis accorded diverse alternatives—offers the best prospects for sustainable success.

The IGR classified institutional reforms as urgent priorities for the government. It found signs of "reform fatigue" among citizens, whose quality of life had not improved very much in 15 years of reform efforts. The review warned that unless the state began to provide better public services and alleviate poverty more effectively, the credibility of the current regime might be threatened, and it pointed to social protests as one indication of the fragile legitimacy of the government. In response to the pervasive problem of informality, the IGR provided four central recommendations:

- Depoliticize personnel management in the public sector
- Strengthen central oversight capacity in financial and personnel management
- Learn from the recent successful experience of the autonomous regulatory agencies (super intendencies) and replicate the success in other public sector institutions
- Use "citizen voice" as a means of exercising social control over public administration

CASE 2. THE WORLD BANK INSTITUTIONAL AND GOVERNANCE REVIEW FOUND THAT REFORM INITIATIVES HAD FREQUENTLY FAILED BECAUSE THEY HAD PROMOTED TECHNICAL SOLUTIONS WHEN THE MAIN OBSTACLES TO IMPROVING PUBLIC SECTOR MANAGEMENT WERE SOCIO-POLITICAL.

The review noted three obstacles to public sector reform in particular:[49]

- Pervasive clientelism in public service
- Organized interest groups, some illegitimate, determining political decisions
- Major discrepancies between the private agendas of principal public actors and their formal public agendas

According to the IGR, clientelism in the public service operated within clearly defined hierarchies, and the government's "rules of business" for conduct in public service were increasingly disregarded. The well-organized interest groups that determined political decisions included the military, the bureaucracy, private business, trade unions, religious groups, NGOs, and donors. However, the activities of some of these interest groups were illicit and included bribery, extortion, harassment, and the use of musclemen. The political, business, trade union, and bureaucratic power structures had been partially captured by an underworld that used strongarm tactics to enforce its power. In the districts, the powerful often gained support from the police and members of the judiciary for their own benefit, to the disadvantage of the poor. Poor people meanwhile were dependent on patron-client relationships for their survival.[50]

Corruption and fraud on the part of public officials were widespread, while economic losses from inefficiencies in the public sector were huge. The IGR estimated that the revenue loss from corruption and inefficiency in the customs and income tax departments exceeded 5 percent of GDP.[51]

The IGR made several recommendations to improve governance in the country's public sector:

- Strengthen systems of accountability by reinforcing the role of Parliament, reforming the judiciary, tightening public financial accountability, promoting transparency, and strengthening civil society
- Increase decentralization
- Reinvigorate administrative reform by focusing on incentives, performance, merit postings and promotions, a credible oversight system, and delegation of authority over personnel and financial matters
- Take advantage of the potential of e-government
- Mobilize support for reform

[49] Empowerment and Poverty Reduction. A Sourcebook, Tools and Practices 15 - Institutional and Governance Reviews, World Bank (2002)
[50] Ibid
[51] Ibid

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THE PULSAR PROGRAM IS

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