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Centre for Financial
Reporting Reform



WORLD BANK GROUP



Strengthening Auditing and Reporting in
the Countries of the Eastern Partnership

STAREP Annual Update

**Progress Report 2020
& Program Plan 2021**

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LIST OF ABBREVIATIONS AND ACRONYMS

ACCA	Association of Chartered Certified Accountants (UK)
ADA	Austrian Development Agency
A&A	Accounting and Auditing
A&ACoP	Accounting and Auditing Community of Practice
CFR	Corporate Financial Reporting
CFRR	Centre for Financial Reporting Reform
CoP	Community of Practice
CPD	Continuing Professional Development
EaP	EU Eastern Partnership
EduCoP	Accounting Education Community of Practice
EU	European Union
IASB	International Accounting Standards Board
IAESB	International Accounting Education Standards Board
IES	International Education Standards (for Professional Accountants)
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
MoF	Ministry of Finance
PAO	Professional Accountancy Organization
PIE	Public Interest Entity
POB	Public Oversight Body
POS	Public Oversight System
QAS	Quality Assurance System
REPARIS	Road to Europe: Program of Accounting Reform and Institutional Strengthening
ROSC	Report on the Observance of Standards and Codes
SARAS	Georgian Service for Accounting, Reporting and Auditing Supervision
SOE	State-owned enterprise
SME	Small or Medium-sized Enterprise
SOW	Senior Officials Workshop
STAREP	Strengthening Auditing and Reporting in the Eastern Partnership
WB	World Bank

EXECUTIVE SUMMARY

Strengthening Auditing and Reporting in the Eastern Partnership (STAREP) is a regional program of the World Bank's Centre for Financial Reporting Reform (CFRR) for Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, and it was launched in October 2013. In early 2019, the project was considered to be extended for 36 months to support countries in finalizing launched reforms. The Austrian Finance Ministry and Austrian Development Agency (ADA) provided support for an extension, and additional funding was provided by ADA in 2019 in the amount of EUR 1.3 million.

COVID-19 significantly impacted the program implementation for activities, in particular those activities that require face-to-face interaction. However, the project team continued to engage regularly with key stakeholders and where possible, activities were delivered virtually or remotely.

Webinars

In response to recent financial reporting and regulatory guidance, with a particular emphasis on the aspects most relevant to the financial statements of listed companies, especially banks, as well as to latest developments in accounting education teaching and assessment methods two regional webinars were delivered in 2020 for financial sectors regulators and accounting education providers, respectively. In addition, participating countries were involved in a joint exercise, supported by several webinars and as result, a consolidated response to International Accounting Standards Board (IASB) on announced review of IFRS for SMEs was prepared and submitted. Such consolidated regional response will likely be valuable to the IASB and have a greater impact.

Publications

Several publications were prepared and published in 2020 and disseminated to key stakeholders, aiming to assist professional accountancy organizations, universities, government agencies, PAOs and national financial reporting and auditing regulators involved with the critical responsibility of setting, implementing, and enforcing appropriate requirements in the field of accounting education. These are explained more in the Activities and Progress section and include: the Regional Education Study for STAREP Countries; Continuing Professional Development Programs for Accountants – Implementation Guide; Common Core Accounting Syllabus for Universities; and the Competency-based Accounting Education and Assessment Materials – Implementation Guide. The Europe and Central Asia

Region State-Owned Enterprises Financial Accountability, Controls and Transparency (SOE FACT) survey acknowledged the progress achieved by participating countries in strengthening SOE corporate governance frameworks and outlined the main improvement areas for governments' consideration. The survey will also inform the future technical support activities of the World Bank and other IFIs working with the participating countries. The report was published in December 2020 and is on the Bank's website, with 300 downloads already recorded. Dissemination of the report will take place via a webinar for interested stakeholders during 2021.

Additionally, the National Education Initiatives documents, developed by six participating countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), summarizing the results of the diagnostic activities conducted in each country throughout the STAREP Program, were published.

Country-level support

STAREP continued to support Corporate Financial Report (CFR) reforms in participating countries as well as in cooperation with other development partners in Belarus, Georgia and Ukraine. Key activities were oriented to provide policy advice and support in drafting bylaws in the field of accounting and/or public oversight. Particularly, in Moldova a detailed study guide to support enforcement of National Accounting Standard "Consolidated Financial Statements" was developed by the MoF with STAREP support. In addition, STAREP supported development of amendments to NAS "Consolidated Financial Statements" for a better alignment to consolidation provisions of the Directive 2013/34/EC. Both, the Guide and proposed amendments were approved and published into Official Gazette in December 2020.

In Belarus and Georgia, for some in-country activities which were also partially supported by other development partners, the STAREP project team ensured close coordination with the counterparts and complementarity of the ongoing activities. Particularly, within EU funded Belarus Structural Reforms Technical Assistance, the team, among others, assisted the MoF in updating the IFRS certification for PIEs Chief Accountants. Within this task the CFRR team analyzed the curriculum of the certification program, compared it with similar internationally recognized programs and worked on the recommendations. The CFRR team was also involved in developing a Roadmap for transition of the banking sector of the Republic of Belarus to IFRS, which was approved by the NBRB Board on June 17, 2020 (with the full transition completion date as of January 1, 2024).

In Georgia, the STAREP project assisted the Georgian Service for Accounting, Reporting and Auditing Supervision (SARAS) in preparation of country level comments following the IASB-announced comprehensive review of the IFRS for SMEs standard and requested feedback

from user countries. STAREP project also assisted the Armenian MoF in preparation of country level comments following IASB's announced comprehensive review of the IFRS for SMEs standard and requested feedback from user countries. IFRS for SMEs have been adopted in Armenia and Georgia, and consequently each country prepared country level feedback, before joint discussions at the regional level.

In Ukraine, the STAREP project team ensured close coordination and complementarity of some ongoing activities partially funded by other development donors via regular communication with external counterparts. The CFRR team actively supported efforts of the Audit Public Oversight Body of Ukraine in joining International Forum of Independent Audit Regulators (IFIAR), which was completed in 2020, and its inclusion to IFIAR working groups.

In addition, STAREP project assisted the MoF in preparation of country level comments following IASB announced comprehensive review of the IFRS for SMEs standard and requested feedback from user countries.

Meanwhile, it should be noted that in addition to COVID-19, country level programs implementation has been impacted by political factors in three countries: Belarus, Azerbaijan and Armenia.

Planned activities (2021)

Regional activities will continue to include dissemination of key publications and workshops (either virtually or face-to-face if situation allows). Activities are expected to include the delivery of exchange-experience webinars in cooperation with H3C, the public oversight authority from France, which is scheduled to be delivered in February 2021. This will allow beneficiaries to learn about French experience in audit quality assurance inspections. It is also planned to deliver a series of exchange-experience webinars in cooperation with another public oversight body (tentatively from Slovenia). This will strengthen beneficiary capacity in quality control skills as well as have possible impact on the quality of respective legislative norms of the beneficiaries. With regard to publications, it is expected that the beneficiaries will get updated knowledge in recent developments in accounting and auditing publications, including those in cooperation with international professional bodies. Workshops to disseminate and discuss the contents are being planned. STAREP will also continue supporting ongoing in-country activities through policy dialogue and technical assistance. Due to the pandemic and/or political factors, some of the in-country activities planned for 2020 are being moved forward to 2021. The focus will be particularly on the achievement of indicators in the project results framework.

ACTIVITIES AND PROGRESS

Introduction

In 2019 the project was extended and restructured with particular focus given to country-level support including identifying the action plans to support the reforms that have been launched by participating countries but are not yet completed and require additional support and resources in several areas. Annex A provides background and details on the program.

STAREP has supported the implementation of critical reforms in strengthening financial reporting frameworks, audit quality and financial transparency, paving the way to a more conducive business enabling environment and improved access to finance. Policy makers demonstrated a strong sense of community, yet they still need to better understand policy actions and benefits in corporate financial reporting reforms from their closer alignment with the EU and international good practices. The progress in achieving result of the program demonstrate that this had an effect in each country through adopting and revising legislation, creating new institutions or building capacity of existing ones; cumulative reform status is summarized in annex B.

Some of the in-country activities continue to be delivered in partnership and close coordination with other parallel projects implemented with other donors. During its implementation time, STAREP has raised the awareness about the importance of accounting and audit reforms among many stakeholders, including other development institutions paving a way for additional in-country support provided jointly with the World Bank, or directly to the participating governments. The details of such additional support are disclosed below for each respective country.

Achievements in the various areas the project is currently active in, and reform status following activities implemented during 2020, are summarized below.

An updated results framework is attached in the Annex C.

2020 Progress and Reform Status

Update on Regional activities

Due to COVID 19 pandemic situation, some of the planned face-to-face activities for 2020 where either performed virtually or delayed. Face-to-face meetings, involving large groups (more than 30-50 people) are prohibited in almost all participating countries and there still are significant travel restrictions imposed by jurisdictions.

The following regional virtual **workshops** were delivered in 2020:

1. **Comprehensive review of the IFRS for SMEs: STAREP countries' response.**¹ The virtual seminar was organized via KUDO platform on May 7 to support STAREP countries to: (i) better understand the objective and the structure of the announced comprehensive review and request for information by the International Accounting Standards Board (IASB) on *IFRS for SMEs* and (ii) provide IASB a regional consolidated response to the request for information. Representatives of REPARIS countries (Kosovo, Serbia, Montenegro, North Macedonia, Albania, Bosnia and Herzegovina) and of Kyrgyz Republic also joined the event.
2. **Improving Competencies for Accountants: Leveraging the ACCA Partnership Program to Improve Curriculum, Teaching and Assessment Methods.**² The webinar was delivered via KUDO platform on June 11 and provided the participants with the opportunity to discuss the latest developments in structure, syllabi and assessment of professional financial qualifications using ACCA as an example. It also provided insight into tuition and preparation of students for professional qualification exams, discussed examiner's approach to exam content, assessment and marking processes and illustrated the above with examples from actual ACCA examinations using Financial Reporting topics as examples.
3. **IFRS for Regulators: COVID-19 Impacts & Responses.**³ The CFRR organized this virtual workshop using the Webex platform on June 30. The workshop aimed to inform regulators about recent financial reporting and regulatory guidance, with a particular emphasis on those aspects of accounting and reporting that are currently most relevant to the financial statements of listed companies, especially banks. The workshop convened representatives of the IFRS Foundation, the ECB as well as Big 4 audit firms and academia to discuss with the representatives of the STAREP countries. The IFRS Foundation and the ECB provided guidance to banks at a time when the cost of risk observed in Europe for the first quarter of 2020 tripled, with a significant dispersion between countries and banks. Given the uncertainty on future impacts, it was essential to have banking supervisors in the region understand the various factors, whether at the individual level, or at sectorial level when assessing the cost of risk.
4. **Second virtual seminar - Comprehensive review of the IFRS for SMEs: STAREP's countries response.**⁴ On September 8, STAREP hosted the second virtual seminar via KUDO Platform. The objective of the event was to discuss the preliminary feedback and responses provided by Armenia, Georgia and Ukraine with a view to developing a three-

¹ <https://cfr.worldbank.org/news/comprehensive-review-ifrs-smes-stareps-countries-response>

² <https://cfr.worldbank.org/news/improving-competencies-accountants-leveraging-acca-partnership-program-improve-curriculum>

³ <https://cfr.worldbank.org/news/ifrs-regulators-covid-19-impacts-responses>

⁴ <https://cfr.worldbank.org/news/comprehensive-review-ifrs-smes-stareps-countries-consolidated-response>

country consensus view on the IASB's IFRS for SMEs Request for Information. Following these discussions, a joint letter with their responses to the IASB (without diminishing the rights of other national institutions to develop and send their own comments to the IASB) was prepared and signed by institutions responsible for IFRS for SMEs adoption and enforcement in these respective countries (i.e., Ministry of Finance of the Republic of Armenia, Service for Accounting, Reporting and Auditing Supervision of Georgia and Ministry of Finance of Ukraine). The joint letter was sent to IASB⁵ on October 22. Such consolidated response will likely be valuable to the IASB and have a greater impact.

The following **publications** were finalized, published or initiated with STAREP support in 2020:

- 1. Regional Education Study for STAREP Countries was finalized and published.**⁶ The study used a range of information sources and data developed, completed, or provided by representatives of STAREP countries and others involved in the STAREP Program to provide a comprehensive overview of accounting education programs and challenges in the STAREP countries. Information was collected from participants in the STAREP EduCoP activities, including representatives of universities, PAOs, and some national financial reporting and audit regulators. The team used various sources of information for preparing the Study, including questionnaires completed by eleven participating universities, (b) a diagnostic tool completed by nine universities to map current curricula content and learning objectives of their accountancy programs and compare them against internationally-recognized benchmarks, (c) presentations delivered by EduCoP participants at regional events and, (d) information provided in national education initiatives developed by all STAREP countries.
- 2. Continuing Professional Development Programs for Accountants – Implementation Guide was finalized and published.**⁷ The Guide seeks to assist professional accountancy organizations, government agencies, and other regulators involved with the critical responsibility of setting, implementing, and enforcing appropriate requirements in the area of Continuing Professional Development for Accountants and Auditors.
- 3. Common Core Accounting Syllabus for Universities was finalized and published.**⁸ The Common Core includes a series of learning objectives which would establish a solid platform for all Accounting Degree Programs offered by Universities in the STAREP Region. It was developed through a broad consultation process with EduCoP participants, including representatives from ministries of finance, universities, and professional accountancy organizations (PAOs) from its six member countries, who provided

⁵ <https://www.ifrs.org/projects/work-plan/2019-comprehensive-review-of-the-ifrs-for-smes-standard/comment-letters-projects/request-for-information/#comment-letters> (see item 14).

⁶ <https://cfrr.worldbank.org/publications/regional-education-study-starep-countries>

⁷ <https://cfrr.worldbank.org/publications/continuing-professional-development-programs-accountants-implementation-guide>

⁸ <https://cfrr.worldbank.org/publications/common-core-accounting-syllabus-universities>

fundamental input to define the common learning outcomes to be included. The publication is available in English and Russian languages.

4. **The National Education Initiatives documents**, developed by six participating countries – Armenia,⁹ Azerbaijan,¹⁰ Belarus,¹¹ Georgia,¹² Moldova¹³ and Ukraine were published.¹⁴ The publications summarize the results of the diagnostic activities that have been conducted in each country throughout the STAREP Program. They also document the direction of future reforms and substance of capacity-building activities required to support greater compliance with international best practices in accounting education and International Education Standards (IESs) published by the International Accounting Education Standards Board (IAESB).
5. **Competency-based Accounting Education and Assessment Materials** – Implementation Guide was finalized and published.¹⁵ The Guide seeks to provide guidance across the broad range of education, assessment, training and certification, including pre- and post-certification. It focuses on providing in-depth direction to educators on how to develop quality education and assessment materials within the context of a competency-based accounting education program. Russian translation of the Guide will be finalized during 2021.
6. **The work on a publication for financial sector regulators to provide guidance on reviewing IFRS financial statements was initiated by the team** and will be completed during 2021. In addition, the Europe and Central Asia Region State-Owned Enterprises Financial Accountability, Controls and Transparency (SOE FACT) survey was completed under STAREP and the results were shared with key stakeholders from STAREP countries. The report¹⁶ analyzed the corporate governance, transparency and control environment faced by SOEs in selected countries of the Europe and Central Asia Region. The report acknowledged the progress achieved by participating countries in strengthening SOE corporate governance frameworks, and outlined the main improvement areas for governments' consideration, including:
 - Building centralized mechanisms for SOEs reporting, monitoring, and oversight;
 - Corporatizing state entities that remain in unincorporated status (state enterprises), subjecting them to similar corporate requirements as other legal forms of SOEs;
 - Instilling corporate governance requirements to all corporate SOEs;

⁹ <https://cfr.worldbank.org/publications/national-education-initiatives-armenia>

¹⁰ <https://cfr.worldbank.org/publications/national-education-initiatives-azerbaijan>

¹¹ <https://cfr.worldbank.org/publications/national-education-initiatives-belarus>

¹² <https://cfr.worldbank.org/publications/national-education-initiatives-georgia>

¹³ <https://cfr.worldbank.org/publications/national-education-initiatives-moldova>

¹⁴ <https://cfr.worldbank.org/publications/national-education-initiatives-ukraine>

¹⁵ <https://cfr.worldbank.org/publications/competency-based-accounting-education-and-assessment-materials-implementation-guide>

¹⁶ <https://openknowledge.worldbank.org/handle/10986/35011>

- Legislating proper authority and mandate to SOEs' boards of directors;
- Supporting the process to professionalize and increase the independence of SOE boards;
- Establishing stronger accountability for SOE management by subordinating their appointment and dismissal to SOE boards;
- Strengthening the oversight over financial performance and discipline of SOEs via skilled audit committees, while also
- Increasing SOEs accountability via rigorous financial reporting and disclosure requirements.

The report will inform the future technical support activities of the World Bank and other IFIs working with the participating countries. Dissemination of the report will take place via a webinar for interested stakeholders during 2021.

Update on Country-level Support

The CFRR ensures close coordination and regular communication with the counterparts on the ways of implementation of agreed priority activities. Meanwhile, part of the activities planned for 2020 have not been initiated due to COVID-19 situation in the countries. In addition to COVID-19, the country level support plan implementation is impacted by political factors¹⁷ in three countries: Belarus, Azerbaijan and Armenia. Consequently, some of planned activities are being postponed to 2021.

Specific progress achieved during 2020 is highlighted below.

Belarus

In-country activities were partially supported by other development partners in Belarus, as outlined below. The CFRR ensured close coordination and complementarity of the ongoing activities via regular communications with external counterparts (as the case for (2) below) and same implementation team on the WB side (as the case for (1) below):

1. Belarus Structural Reforms Technical Assistance funded by the European Union and implemented by the World Bank included, among others, support in two accounting and audit related areas: (i) assisting the MOF in updating the IFRS certification for PIEs Chief Accountants. Within this task the team analyzed the curriculum of the certification program, compared it with similar internationally recognized programs and worked on the recommendations to be issued in February 2021; (ii) work with the Central Bank on ensuring transition of the country's banking system to IFRS and building a reconciliation methodology between IFRS and prudential accounts to ensure better quality banking

¹⁷ The recent military conflict between Armenia and Azerbaijan as well as unstable political situation in Belarus.

supervision. Namely, CFRR team was involved in developing a Roadmap for transition of the banking sector of the Republic of Belarus to IFRS, which was approved by the NBRB Board on June 17, 2020 (with the full transition completion date as of January 1, 2024). Consultations to support roll out of reconciliation approach to apply prudential filters in financial sector supervision are ongoing;

2. In addition to the EU Delegation to the Ministry of Finance in building public audit oversight function, CFRR supported development and implementation of amendments to the Audits Law. STAREP helped with drafting amendments to the law, framing the audit reform, and EU Delegation is currently helping with the reform agenda implementation. The Law introduced ISA, the Code of Ethics and public audit oversight function. The amendments to the Law were enacted in January 2020. Consultations on specific aspects of implementation of the amended audit law are ongoing.

Georgia

The CFRR continues close coordination and complementarity of the ongoing activities via regular communication with external counterparts (as the case for (2) and (3) below) and same implementation team on the WB side (as the case for (1) below):

Georgia Financial Inclusion and Accountability Technical Assistance funded by the European Union and implemented by the World Bank. The ongoing project assists SARAS in developing secondary accounting and audit legislation, builds capacity of SARAS, other regulators, accounting profession and assists in updating accounting curricula in leading local universities.

1. Ongoing twinning arrangement between SARAS and the Hellenic Accounting and Auditing Standards Oversight Board (Greece), funded directly by the European Commission;
2. Parallel technical assistance implemented by the ICAEW and funded by the ADB aimed at PAO development.

As expansion of STAREP program activities, the national EU funded project continued the assistance to finalize and publish the Accounting Education Benchmarking Study. This report benchmarks the curricula of three leading Georgian universities with programs in accounting and audit against: (i) International Education Standards (IES) for professional accountants; and (ii) the curricula of two internationally recognized accounting education providers (ACCA and CIPFA). The report offers recommendations arising from the benchmarking analysis for suggested improvements to the curriculum, and suggest recommendations on teaching, assessment and governance practices that are designed to support effective implementation of the recommendations aimed at improving accountancy education in Georgia. Consequently, the Survey was presented to the Georgian educational community via a webinar in June 2020. The Report was published online at SARAS and GFPAA websites and was distributed to the accounting and audit academia via email communication in October

2020. This is a good example of effective coordination between regional STAREP program and national reform initiatives supported by other development partners.

In 2020, STAREP also assisted SARAS in preparation of country level comments following IASB announced comprehensive review of the IFRS for SMEs standard and requested feedback from user countries. IFRS for SMEs standard is adopted in Georgia and consequently Georgia prepared country level feedback before joint discussions at the regional level.

Armenia

In 2020, STAREP assisted the MoF in preparation of country level comments following IASB announced comprehensive review of the IFRS for SMEs standard and requested feedback from user countries. IFRS for SMEs standard is adopted in Armenia and consequently Armenia prepared country level feedback, before joint discussions at the regional level.

Moldova

A detailed study guide to support enforcement of National Accounting Standard “Consolidated Financial Statements” was developed by the Ministry of Finance with STAREP support. In addition, STAREP supported development of amendments to NAS “Consolidated Financial Statements” for a better alignment to consolidation provisions of the Directive 2013/34/EC. Both, the Guide and proposed amendments were approved and published into Official Gazette in December 2020.¹⁸

The Public Oversight Body continue to perform quality assurance inspections, based on the methodology developed with STAREP support.

After consultations with key stakeholders, it was decided to postpone exchange visits, planned for 2020, for quality assurance inspectors of Public Oversight Council as well as some training activities: training-for-trainers on consolidated financial statements and enforcement workshops for quality assurance inspectors. These activities will be resumed as soon as pandemic situation allows.

Ukraine

The CFRR ensured close coordination and complementarity of the ongoing activities via regular communication with external counterparts. Particularly, EU Delegation directly funds technical assistance project implemented by the Human Dynamics Consortium – Implementation of EU Practices for Accounting, Financial Reporting and Audit in Ukraine. This new Project builds on the results of EU-FINSTAR Project implemented in 2015-2019 and focusing on building public audit oversight function and its capacity in Ukraine, introduction

¹⁸ https://www.legis.md/cautare/getResults?doc_id=124688&lang=ro

of electronic financial reporting system for PIEs and reliable accounting standards implementation.

CFRR actively supported efforts of the Audit Public Oversight Body of Ukraine in joining International Forum of Independent Audit Regulators (IFIAR), which was completed in 2020, and its inclusion to IFIAR working groups. In addition, STAREP assisted the MoF in preparation of country level comments following IASB announced comprehensive review of the IFRS for SMEs standard and requested feedback from user countries. Trainings, peer exchange visits and other face-to-face events were either canceled or postponed till 2021 (or converted to virtual) due to the global pandemic situation and travel restrictions.

PLANNED ACTIVITIES 2021

Introduction

STAREP activities will continue to be delivered through a combination of knowledge and peer learning activities and country-level support to facilitate implementation. Activities will continue to be designed in a way to respond to the restrictions imposed by COVID-19 pandemic and include: (i) Communities of Practice to foster peer exchange and learning (this would include research on specific topics on needs basis); (ii) knowledge exchanges with European countries; (iii) in-country technical sessions, including dissemination of regional events; (iv) international conferences on relevant topics; (v) targeted, country-level technical advice and reform implementation support, in the form of training courses, support to drafting of legislation and bylaws, development of methodologies and analytical work, as well as hands-on assistance.

In 2021 the project will continue supporting ongoing in-country activities through policy dialogue, technical assistance, exchange visits (where pandemic situation allows) and workshops (delivered either virtually or face-to-face if situation allows) for local communities of practice.

Planned Activities

Regional activities

Regional activities will include dissemination of key publications and workshops (either virtually or face-to-face if situation allows). This will include:

A regional workshop on IFRS and review of financial information, and dissemination of the guide for reviewing financial statements of banks will be organized. Delivery of series of exchange-experience webinars in cooperation with H3C, public oversight authority from France is being discussed to be delivered in January-February 2021. Series of exchange-experience webinars will be delivered in cooperation with another public oversight body (tentatively from Slovenia) during 2021.

Country-level Support

As mentioned above, part of planned activities for 2021 in fact are those postponed due to pandemic and/or political factors.

Armenia

- Implementation support of new accounting legislation (IFRS, IFRS for SMEs translation, awareness, training);
- Support in developing audit quality control methodology for professional bodies and national competent authority in the field of public oversight as well as provision of corresponding trainings.
- Capacity building, regional collaboration for and support to the Armenian public oversight body in the areas under its ultimate responsibility.

Azerbaijan

- Implementation support of new accounting legislation (IFRS, IFRS for SMEs translation, awareness, training);
- Draft and adoption of new Auditing Law, including via support in adoption of ISA and Code of Ethics (IESBA);
- Support in professional development, training, and capacity building of local PAOs and POB.

Belarus

- Implementation support of the new Audit Law in Belarus: strengthening regulator's capacity, awareness, building a public oversight function - organizing of a workshop, peer exchange events (face-to-face or virtual);
- Follow up work on recommendations relating to Certification of Chief Accountants at PIEs – organizing of face-to-face or virtual TOT session.
- Support roll out of reconciliation approach to apply prudential filters in financial sector supervision;
- Support of establishing a national register of auditors and audit firms.

Georgia

- Capacity building and regional collaboration for the Georgian Service for Accounting, Reporting and Auditing Supervision (SARAS);
- Organizing inspection/enforcement workshops and other technical events;
- Partially supporting accounting education reform;
- Supporting organization of PAO regional conference and creation of a common platform under the European Federation of Accountants and Auditors for SMEs (EFAA) or other internationally recognized accountancy organization.

Moldova

- Capacity building activities and support for the Public Oversight Council in the areas under its ultimate responsibility;
- Organizing inspection/enforcement workshops and other technical events, including peer exchange events for quality inspectors and other relevant staff of Public Oversight Council;
- ToT: Consolidated Financial Statements according to new NASs and Guide.

Ukraine

- Support to full implementation of public oversight function: Audit Public Oversight Body (APOB) – organizing of peer exchange events for APOB focusing on specific audit public oversight aspects;
- Support of implementation of accounting and audit certification system as per new Accounting and Auditing Legislation – consultations, TOT event;
- Support of adoption of suitable financial reporting framework for SMEs – consultations on legislative amendments; organizing of peer exchange events, training;
- Support in improving the accounting and auditing legislation;
- Support in recognition of Ukrainian audit oversight system compliant with EU legislation.

PROGRAM ADMINISTRATION AND FINANCIAL SUMMARIES

Program Governance and Partners

Program priorities planned activities as well as progress made are reviewed in regular meetings with senior officials representing the governments of STAREP countries. In addition to addressing technical questions, the meetings provide an opportunity to review progress of the program and to endorse the work plan.

Representatives from donors, regulators and standard-setters, as well as market participants, are regularly consulted by the CFRR on technical questions as well as issues of program governance and join select sessions of the senior officials' meetings.

Financial support for STAREP and its activities has been provided by two sources: a Single-Donor Trust Fund (SDTF) with the European Commission; and the REPARIS Multi-donor Trust Fund (MDTF) and its donors – the Austrian Finance Ministry, the Austrian Development Agency, the Swiss State Secretariat for Economic Affairs, and the Finance Ministry of Luxembourg. Within the MDTF, STAREP is made possible with contributions paid into the trust fund by the Austrian Development Agency and the Austrian Ministry of Finance. As of this report, the SDTF with the European Commission has been fully utilized. The MDTF was replenished in 2019 with a contribution of EUR 1.3 million by the Austrian Development Agency allowing for a program extension.

STAREP is managed by the Vienna-based World Bank Centre for Financial Reporting Reform (CFRR). Located in Vienna, the CFRR is a World Bank unit specialized in the area of corporate financial reporting reform with a core team of experts and a panel of specialized short-term consultants.

Previously the program was structured along five thematic components which were concluded. The program extension is focused on specific areas of interventions as laid out in Annex B and activities are structured rather at the regional and country level. Key team members include:

Program Management

Name	Position
Daniel J. Boyce	Practice Manager
Garik Sergeyev	Senior Financial Management Specialist, Task Team Leader
Andrei Busuioc	Senior Financial Management Specialist

Name	Position
Reinhard Haslinger	Senior Operations Officer, TF manager
Pascal Frerejacque	Senior Operations Officer

Country-relationship responsibilities

Country	Staff
Armenia	Garik Sergeyev (based in Vienna), Arman Vanyan (based in Yerevan), Lusine Grigoryan (based in Yerevan)
Azerbaijan	Tural Jamalov (based in Baku)
Belarus	Natalie Manuilova (based in HQ), Natalia Konovalenko (based in Kyiv)
Georgia	Natalie Manuilova (based in HQ), Irina Gordeladze (based in Tbilisi)
Moldova	Andrei Busuioc (based in Almaty), Oxana Druta (based in Chisinau), Svetlana Platon (based in Chisinau)
Ukraine	Garik Sergeyev (based in Vienna), Natalie Manuilova (based in HQ), Natalia Konovalenko (based in Kyiv)

Financial Information

Financial information can be made available upon request.

ANNEX A: PROGRAM BACKGROUND

Context

The countries of the EU's Eastern Partnership (EaP), Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, initiated corporate financial reporting (CFR) reforms in the 1990s, with the support of the development community. These efforts have led to some progress in building a nascent accounting profession. Progress has been more limited in establishing an adequate institutional framework and building sufficient capacity that are conducive to sound financial reporting practices. The countries have shown their commitment to developing their market economy using the EU framework as the benchmark for shaping their reforms. However, they lack capacity on a wider range of issues for the regulators and profession to fully fulfill its mandate. Since 2004, the World Bank has conducted reviews of accounting and auditing standards and practices in the Black-Sea/South-Caucasus countries through the Reports on the Observance of Standards and Codes (ROSC) on Accounting and Auditing. These reports have been prepared in close cooperation with the authorities and following a participatory process involving all key in-country stakeholders. The ROSCs identify a number of issues and offer a number of policy recommendations to equip the countries with corporate financial reporting practices which are conducive to enhanced competitiveness and private sector-led growth and led to a few initial activities. STAREP aims at helping the EaP countries to address the above shortcoming and to support their CFR reforms, including building capacity in accounting and auditing, developing and implementing an institutional framework for corporate financial reporting in accordance with international accounting, auditing and accounting education standards. Progress towards achieving these aims is measured using a results framework. This sets out the intended outcomes supporting the overall development objective, the means of achieving these, and the method of assessment.

STAREP has launched the implementation of critical reforms in strengthening financial reporting frameworks, audit quality and financial transparency, paving the way to a more conducive business enabling environment and improved access to finance. Policy makers demonstrated a strong sense of community, yet they still need to better understand policy actions and benefits in corporate financial reporting reforms from their closer alignment with the EU and international good practices. Officials from participating countries have demonstrated ownership of corporate financial reporting reforms and benefits to their economies from improved quality and reliability of financial data. Senior officials and practitioners of all beneficiary countries attended program events regularly and with great interest. Since the project inception around 1300 participants cumulatively attended communities of practice (CoP) for senior officials, Accounting and Auditing Education CoP, Accounting and Auditing CoP, IFRS for Regulators workshops. The performed activities equipped the policy makers and practitioners with increased capacity to independently

design, implement, and maintain reform elements in line with good international practice and EU framework. The progress in achieving results of the program is demonstrated in each country through adopting and revising legislation, creating new institutions or building capacity of existing ones.

By way of reviewing the progress, it shall be noted that the STAREP program has helped to launch and implement critical reforms to strengthen the financial reporting frameworks in the beneficiary countries with a view to strengthening the improved financial management practices in the private sector and among state-owned enterprises, enhanced quality of business advice and audit by the accounting and auditing profession, and supporting a more conducive business enabling environment and improved access to finance.

In particular, the combination of (i) a strong regional aspect of the program facilitating peer exchange, joint-learning, discussion of experiences within communities of practice, regular exposure to international good practice, and (ii) targeted country-level assistance within one program, is regarded as instrumental element to the successes achieved.

Program Development Objective

Improved financial reporting contributes to financial sector stability, however, lack of regulatory capacity limits effective supervision of banks, insurance companies, and other financial institutions. Moreover, improved financial reporting opens new perspectives and opportunities for investments and credit activities, however, the underdeveloped practice and lack of sound financial information available to lenders and investors limit financial intermediation. Financial reporting plays an important role in supporting governance and tax administration reforms; and a clearly-defined accounting system are required to determine taxable income in a transparent, predictable, and cost-effective manner.

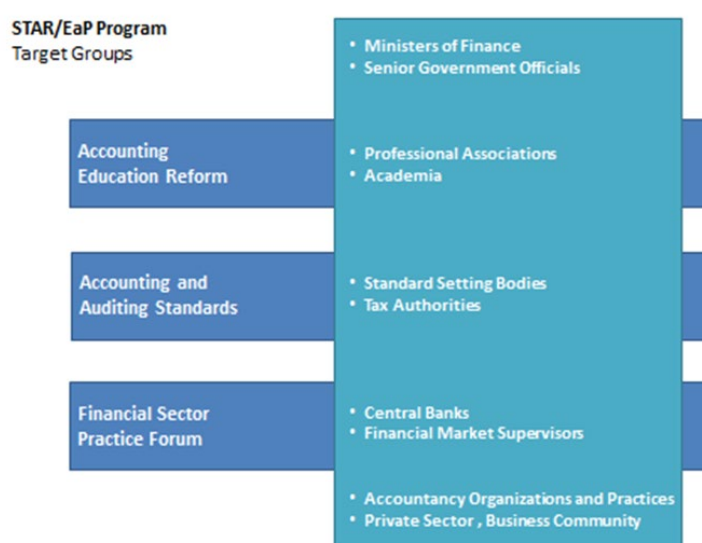
The higher-level objective of the program is to improve corporate financial reporting practices. Specifically, STAREP builds capacity among and assist the accounting and auditing profession, regulators, students and other stakeholders to develop and practice an institutional framework for corporate financial reporting in the countries of the EU's Eastern Partnership which is in accordance with international accounting, auditing and accounting education standards.

Within the program development objective to enhance approximation with EU norms and application of international standards for corporate financial reporting in the EU Eastern Partnership countries, the project particularly focuses on transparent policy environment and effective institutional framework for corporate reporting in participating countries. It also supports the reforms that have been launched by the countries but not yet completed and require additional support and resources. It is important to mention that all STAREP

participating countries are committed to the next reform steps, even those countries that are not technically bound by association agreements with the EU.

Program Approach and Structure

Eastern Partnership countries face common challenges as evidenced in A&A ROSCs, and have a common aspiration towards strengthening their relationship with the EU. The Centre for Financial Reporting Reform (CFRR), the World Bank's Centre for technical expertise in corporate financial reporting in the Europe and Central Asia (ECA) region, launched the regional program for Strengthening Auditing and Reporting in the Eastern Partnership (STAREP) in October 2013. The program helps participating countries design and carry out reforms in corporate financial reporting. STAREP builds on the analysis and recommendations of the A&A ROSC program. It takes a broad view of the reform process, covering not only changes to the legal and regulatory framework but also the need to improve the capacity of the public and private institutions (standard-setters, oversight bodies, professional accountancy organizations, etc.) involved in financial reporting.



STAREP delivers through a combination of knowledge and peer learning activities and country-level support to facilitate implementation. Activities include: (i) Communities of Practice to foster peer exchange and learning (this would include research on specific topics on needs basis); (ii) knowledge exchanges with European countries; (iii) in-country technical sessions, including dissemination of regional events; (iv) international conferences on relevant topics; (v) targeted, country-level technical advice and reform implementation support, in the form of training courses, development of methodologies and analytical work, as well as hands-on assistance. Through expert presentations and professional facilitation, the program provides integrated advisory services, effective knowledge management,

support to drafting of legislation and bylaws, implementation support and hands-on assistance, and monitoring and evaluation assistance to the beneficiary countries.

The program puts a heavy focus on *learning from each other's experiences*. Regional knowledge transfer and experience-sharing activities achieve significant economies of scale, allowing countries to tackle common issues regionally, and fostering cooperation and coordinated actions among Black Sea countries within a common framework. A good command of Russian across the countries helps facilitate communication and peer exchange.

In addition, the program provides country-level reform implementation assistance, supporting improvements to CFR institutions and capacity building measures which increase sustainability and effectiveness.

The program aims to engage all those with an interest in corporate financial reporting, in both the public and private sectors, and including both users and preparers of financial statements.

ANNEX B: ACHIEVEMENTS AND REFORM STATUS

Accounting Education Reform

The STAREP EDUCoP participants have made significant progress in understanding and embracing the need for accounting education reforms. The translation of the International Education Standards (IESs) into Russian funded by STAREP proved to be very popular among participants. The benchmarking exercise undertaken to compare the accounting degree programs of universities in STAREP countries with international good practices (using the university Benchmarking tool developed under STAREP) helped identify gaps in the curricula of university programs. Representatives of the participating universities recognized and initiated changes in order to strengthen their programs and achieve a greater level of international recognition for their graduating students. For example, two universities from Moldova received additional exemptions from ACCA, as a result of improving the curricula after the benchmarking exercise.

Another outcome was the development of the STAREP Regional Curriculum (also known as Common Core) which was agreed upon by EDUCoP members as the agreed minimum syllabus for STAREP country undergraduate degree programs. Two Moldovan universities, which have made significant changes to their syllabuses, leading to ACCA credits, already implemented the minimum learning outcomes, as per Common Core. With the benefit of having completed the Benchmarking tool and having studied International Education Standards, STAREP EDUCoP members then produced National Strategies for improving accounting education. Improving accounting and auditing curricula is considered by all National Strategies and it is expected that Common Core will serve as starting point for local universities¹⁹ even after completion of the project and will include universities, which were not directly involved in the regional activities. The team will consider conducting a survey of individual universities by the end of the project with an aim to capture the information on Common Core enforcement.

The understanding of the need for these reforms, including the establishment of independent qualification programs for professional accountants and auditors, has been demonstrated by legislative and regulatory changes undertaken in several STAREP countries over the course of the program, in Georgia, Moldova and Ukraine, where improved legislation in the field of accounting and auditing was adopted. Some of the PAOs in Ukraine have independently announced plans to merge and establish a national qualification.

Several publications, including a Competency-based Accounting Education Resources, were prepared and published in 2020 aiming to assist professional accountancy organizations,

¹⁹ The team will consider conducting a survey of individual universities by the end of the project with an aim to capture the information on Common Core enforcement.

universities, government agencies, and other regulators involved with the critical responsibility of setting, implementing, and enforcing appropriate requirements in the field of accounting education.

Accounting and Auditing Standards

STAREP countries made important progress in modernizing their systems of corporate financial reporting, yet some common challenges are outstanding, especially in institutional capacity. While many STAREP countries achieved impressive progress by adopting new legislation, international standards and/or improved national standards in the field of accounting and auditing, implementing these laws and regulations in practice, and the necessary capacity, will be the next challenge. The key areas of reform in participating countries are represented below and are aligned with the STAREP's Program development objectives and results.

Development and availability of transposition tables, which are indispensable tools that could demonstrate the progress and help in identifying gaps in legislation. Georgia, Moldova and Ukraine developed transposition tables (in Moldova and Georgia these are publicly available), while in Azerbaijan, Armenia and Belarus only partial transposition tables were developed, following internal needs.

Progress in updating legal framework in line with the EU framework (in particular the Directives 2013/34/EC and 2006/43/EC) and good international practices. The progress is monitored through adoption of key requirements of EU *acquis* in the field of corporate financial reporting, and for this stage it is measured in terms of adoption of improved legislation rather than enforcement. These are several indicators to measure the progress in updating legal framework:

- **Definition of Public Interest Company (PIE).** Legislative frameworks in all of the STAREP countries are compliant with the minimum requirements.
- **Classification of entities and group of entities in micro, small, medium-sized and large.** The main scope of this classification is to introduce differential reporting and disclosure requirements depending on the size of entity, and thus to reduce administrative burdens on micro and small entities. It is fully adopted in Moldova and Georgia. Ukraine introduced the concept of classification, except for medium and large groups. It is partially adopted in Azerbaijan and in Armenia.
- **Minimum audit requirements** — annual financial statements of medium-sized, large entities and PIEs are subject to an independent audit — are fully adopted in Georgia and Moldova. In Ukraine, since large and medium groups are not defined, these do not have a requirement to be audited. The concept is partially adopted in Armenia, Belarus, and Azerbaijan.

- **General publication requirements** are fully adopted in Georgia, Moldova and Ukraine and partially adopted in Belarus and Azerbaijan. Similar requirements were recently adopted in Armenia. In some countries the enforcement of this requirement is still a challenge, mainly because of lack of financing to develop and maintain a Public Register
- **Public interest entities** in Azerbaijan, Georgia, Moldova and Ukraine are required to establish an audit committee with majority of members to be independent and at least one member having competences in accounting and/or auditing. There still are some challenges related to independence of audit committee's members in some countries.²⁰ In Armenia, such requirement is mandatory only for open joint stock companies.

Adoption and availability of the latest edition of the international standards into local language(s). This remains one of the common challenges for a majority of STAREP countries. While international standards are adopted, the most recent editions in local language(s) are published with significant delays because of several reasons and mainly because translation processes are either not properly institutionalized or are inadequately funded. Currently, IFRS are adopted by all STAREP countries and are mandatory for PIEs; IFRS for SMEs is adopted in Armenia, Azerbaijan, Georgia, and Ukraine; ISAs are adopted in all countries; and IESBA' Code of Ethics is adopted in Azerbaijan, Georgia, Belarus, Moldova and Ukraine.

Suitable financial reporting framework for non-PIEs. In Azerbaijan and Armenia, non-PIEs are required to apply IFRS for SMEs, which could be considered too demanding for small entities. In Georgia, IFRS for SMEs (as issued by IASB) is applied by large non-PIEs; IFRS for SMEs with simplified disclosures (as issued by IASB and modified by SARAS) is applied by medium-sized and small entities; and Standard for Micro entities as issued by SARAS is applied by micro entities. In Moldova, improved NASs, in line with the *acquis* were developed and approved in 2019, with application date from January 2020 (a 1-year transition period). In Ukraine IFRS for SMEs is adopted but remains to be optional, entities are allowed to apply either IFRS for SMEs or NASs (need to be updated to be closer aligned to the *acquis*).

Public oversight system is established and operational in Georgia with STAREP support through the Service for Accounting, Reporting, and Auditing Supervision (SARAS). In Moldova the Council for Public Oversight of Audits was reorganized in 2018 and became fully operational in 2019. In Ukraine, Audit Public Oversight Body (APOB) was created in 2018, with significant support from STAREP and parallel technical assistance provided by the EU FINSTAR project.²¹ After adopting new Accounting and Audit legislation at the end of 2019, Armenia is establishing their audit oversight function and will be supported by STAREP in this process.

²⁰ All participating countries were encouraged to amend the legislation and to introduce minimum requirements for Audit Committees. Even though the requirements are in place, the practical implementation is a significant challenge and will take time.

²¹ Implemented by the Human Dynamics Consortium contracted by the EU Delegation in Ukraine.

STAREP facilitated preparation of a consolidated response to International Accounting Standards Board on the announced review of IFRS for SMEs. A joint letter, comprising responses of three institutions, responsible for IFRS for SMEs adoption and enforcement in their respective countries, i.e. Ministry of Finance of the Republic of Armenia, Service for Accounting, Reporting and Auditing Supervision of Georgia and Ministry of Finance of Ukraine was signed and submitted to IASB in October 2020.

Financial Regulators

In line with the development objective of the STAREP program, the sub-component of the Financial Sector Practice Forum has assisted banking, insurance and securities supervisors to enhance their supervisory practices over the financial information prepared by entities they supervise. Assistance was provided by the World Bank under two streams of activities: (i) workshops and seminars on International Financial Reporting Standards (IFRS), both issued or as draft (including during the drafting period for IFRS 9 Financial Instruments, and IFRS 17 Insurance Contracts), (ii) publications and workshops on how to develop better cooperation with the external auditors of supervised entities for better quality of audits and enhanced supervision. The activities included three publications and 8 workshops and seminars. Mostly the impact for banking supervisors has been threefold: (i) In their practices, financial supervisors in several countries are monitoring the quality of financial statements, (ii) reading the audit opinion report and management letters from the auditors, and (iii) performing an annual reconciliation of banks' regulatory capital between prudential returns and audited financial statements. Participating countries welcomed the World Bank support under this activity as an important input for the implementation of IFRS 9.

Enhanced capacity of banking supervisors to understand financial information prepared under IFRS was evidenced by the quality of intervention of participants during the workshops and the interaction with faculty. The workshops have also supported the implementation process for each participating regulator for the new accounting standard for financial instruments, IFRS 9, the first application of which was 2018. All participating countries have implemented IFRS 9 on time, which is not the case for all countries in the world: several countries in Asia have differed implementation of IFRS 9; the support provided by the Bank for STAREP countries have allowed them to take the necessary actions for implementing the standard on time. Finally, the importance and the quality of the events is also evidenced also by the very good ratings provided to these events by participants, which ranged on average between 4 and 5 on a 1-5 scale.

Moreover, as a result of activities under this sub-component, the work on the CFRR is cited and recognized in the guidelines of the European Banking Agency on the cooperation

between banking supervisors and auditors. The guidelines apply to supervisors of countries that are candidate countries to EU membership.

STAREP continue to support financial regulators on emergency issues. COVID-19 impacts and responses were discussed via a webinar aiming to inform regulators about recent financial reporting and regulatory guidance, with a particular emphasis on those aspects of accounting and reporting that are currently most relevant to the financial statements of listed companies, especially banks.

ANNEX C: RESULTS FRAMEWORK

Program Development Objective: Enhanced approximation with EU norms and application of international standards for corporate financial reporting in EU Eastern Partnership (EaP) countries, by building the capacity of relevant practitioners, policymakers and stakeholders.

#	Indicator	Unit of Measure	Baseline Value	Target Value, revised	Actual Value as of December 31, 2020
A	Progress in updating legal framework that are in line with the EU framework and good international practices	No. of countries ²²	0	5 (additional 2 countries during extension)	4 ²³
B	Enhanced capacity of policy makers and practitioners to develop, promote, and apply suitable legal frameworks for SMEs/SMPs	No. of policy makers and practitioners with increased capacity to independently design, implement, and maintain reform elements in line with good international practice and EU framework	N/A	1080 beneficiaries [6 countries x 6 representatives x 6 events per year x 5 years] (additional 200 participants during extension period)	1277

²² The indicator is measured through adoption of the minimum 75% of the following requirements: (i) Definition of PIE is compliant with the minimum requirements of Directive 2013/34/EC; (ii) Entities and group of entities classified in accordance with the article 3 of the Directive 2013/34/EC; (iii) Minimum audit requirements according to the provisions of the article 34 of the 2013/34/EC Directive are transposed into national legislation; (iv) General publication requirements (financial statements, including audit report and management report, where applicable) are transposed; (v) Public interest entities are required to establish an audit committee; (vi) Auditors/audit firms approval, registration and continuing education requirements are compliant with Directive 2006/43/EC. However, it is assumed that for countries where there is no an association agreement signed with EU, the indicator is measured through adoption of the minimum 50% of the listed requirements.

²³ Armenia, Georgia, Moldova and Ukraine reported good progress in updating their legal frameworks.

#	Indicator	Unit of Measure	Baseline Value	Target Value, revised	Actual Value as of December 31, 2020
C	Public oversight systems established in line with the EU framework and operational	No. of countries	0	3 (additional 1 country during extension)	3 ²⁴
INTERMEDIATE OUTCOME LEVEL					
GENERAL					
1	Contributed to stakeholder involvement	Text	n/a	Senior officials and practitioners of all beneficiary countries regularly attend program events	Relevant senior officials and practitioners attended delivered webinars
2	Disseminated and facilitated exchange of good practice w/ clients	Text	n/a	All participating countries learning from EU member states or peer STAREP participants, applying good practices in practice (all 6 countries)	Representatives of participating countries continue learning on applying good international practice via delivered webinars
3	Public debate stimulated	Number of public discussions on new regulations / legislations held before new A&A legislation approved	0	12 (no additional debates are envisaged under extension)	21

²⁴ Public oversight systems are functional in Georgia, Moldova and Ukraine.

#	Indicator	Unit of Measure	Baseline Value	Target Value, revised	Actual Value as of December 31, 2020
COMPONENT 2 – ACCOUNTING EDUCATION					
4	Capacity increased to identify and address gaps in accounting university education in line with international good practice	Number of STAREP Universities which completed the profiling tool to identify and address gaps in their curriculum	0	11	11
5	Increased access to the learning materials and modern teaching methods	No of publications	0	2	4
6	Improvement strategies in accounting and auditing education agreed on and developed in line with good international practice by local stakeholders	No. of countries that developed national accounting education initiatives and action plans	0	6 (publication and dissemination of strategies and action plans will be facilitated during program extension)	6 National accounting education initiatives and action plans are now available on CFRR's website
COMPONENT 3 – ACCOUNTING & AUDITING STANDARDS					
7	Availability of transposition tables that benchmark national legislation in the field of accounting & auditing to the relevant EU framework and good international practices	No. of countries	0	3	2 ²⁵

²⁵ Georgia, Moldova

#	Indicator	Unit of Measure	Baseline Value	Target Value, revised	Actual Value as of December 31, 2020
8	IFRS adopted and applicable for PIEs	No. of countries	3 ²⁶	6	6
9	ISAs (IAASB) and Code of Ethics (IESBA) adopted	No. of countries	4	6 (1 additional country during extension period)	6 ²⁷
10	Suitable financial reporting framework aligned with EU requirements and good international practices for non-PIEs/SMEs (through adoption of IFRS for SMEs or aligning NASs to the requirements of the accounting <i>acquis</i>) adopted	No. of countries	0	5 (1 additional country during extension period)	4 ²⁸
11	National Register of auditors and audit firms is available to public	No. of countries	1 ²⁹	5	5 ³⁰

²⁶ Armenia, Georgia, Moldova

²⁷ ISAs and Code of Ethics are now adopted by Belarus; Code of Ethics is not adopted in Armenia.

²⁸ IFRS for SMEs adopted in Armenia, Ukraine, Azerbaijan and Georgia; improved NASs for various categories of non-PIEs adopted in Georgia and Moldova.

²⁹ Ukraine

³⁰ Azerbaijan, Belarus, Georgia, Moldova, Ukraine

#	Indicator	Unit of Measure	Baseline Value	Target Value, revised	Actual Value as of December 31, 2020
12	Availability of translated standards	No. of countries	n/a	IFRS: 6 countries IFRS for SMEs: 4 countries ISAs (IAASB) and Code of Ethics (IESBA): 5 countries	IFRS: 6 countries ³¹ IFRS for SMEs: 4 countries ³² ISAs (IAASB): 6 countries ³³ Code of Ethics (IESBA): 6 countries ³⁴
COMPONENT 4 – FINANCIAL SECTOR					
13	Reconciliation approach to apply prudential filters between equity and regulatory capital is in place including legal provisions and their application and review by banking supervisors	No. of countries	1 ³⁵	4	4 ³⁶

³¹ In Belarus the official Russian version translation is used. The latest version of IFRSs translated into Ukrainian and Armenian is as of 2018.

³² IFRS for SMEs is under translation in Azerbaijan.

³³ In Belarus the official Russian version translation is used.

³⁴ The latest version of the Code of Ethics translated into local language is available as following: Moldova (2018); Georgia (2018); Ukraine (2012); Azerbaijan (2015).

³⁵ Ukraine

³⁶ Armenia, Azerbaijan, Georgia, and Ukraine

#	Indicator	Unit of Measure	Baseline Value	Target Value, revised	Actual Value as of December 31, 2020
14	Banking regulators regularly review the annual financial statements prepared under IFRS and discuss the audit with the auditors following a risk-based approach	No. of countries	1 ³⁷	6	6 ³⁸
15	Tools for enhanced banking supervision developed and disseminated	No. of publications	0	2	2

³⁷ Moldova

³⁸ However, Belarus reported that banking supervisor doesn't review the FSs, only discuss the audit of FSs of banks with the auditors.

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