

COVID-19 Intervention Assessment Tool: Behind the scene

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PULSAR – FOCAL SMART INTERACTIVE TALK (SIT) COVID-19 INTERVENTION ASSESSMENT TOOL


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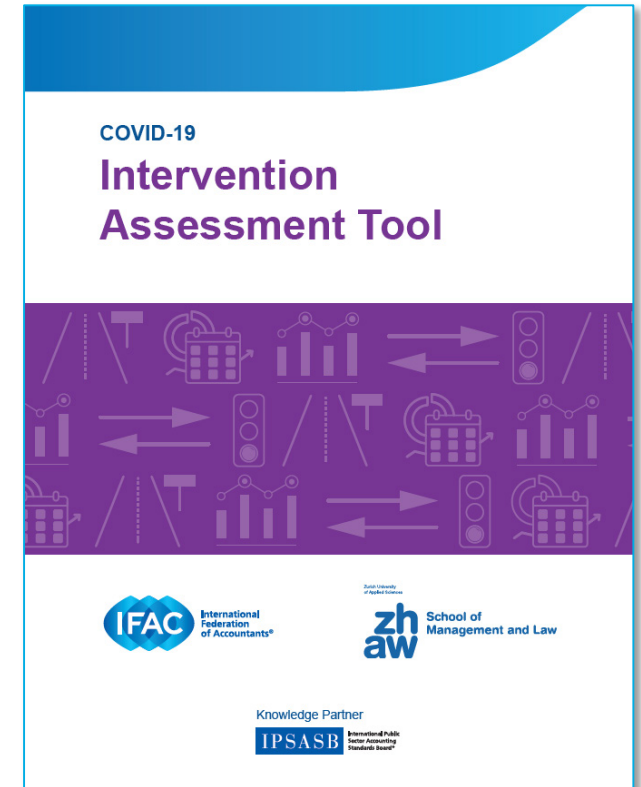
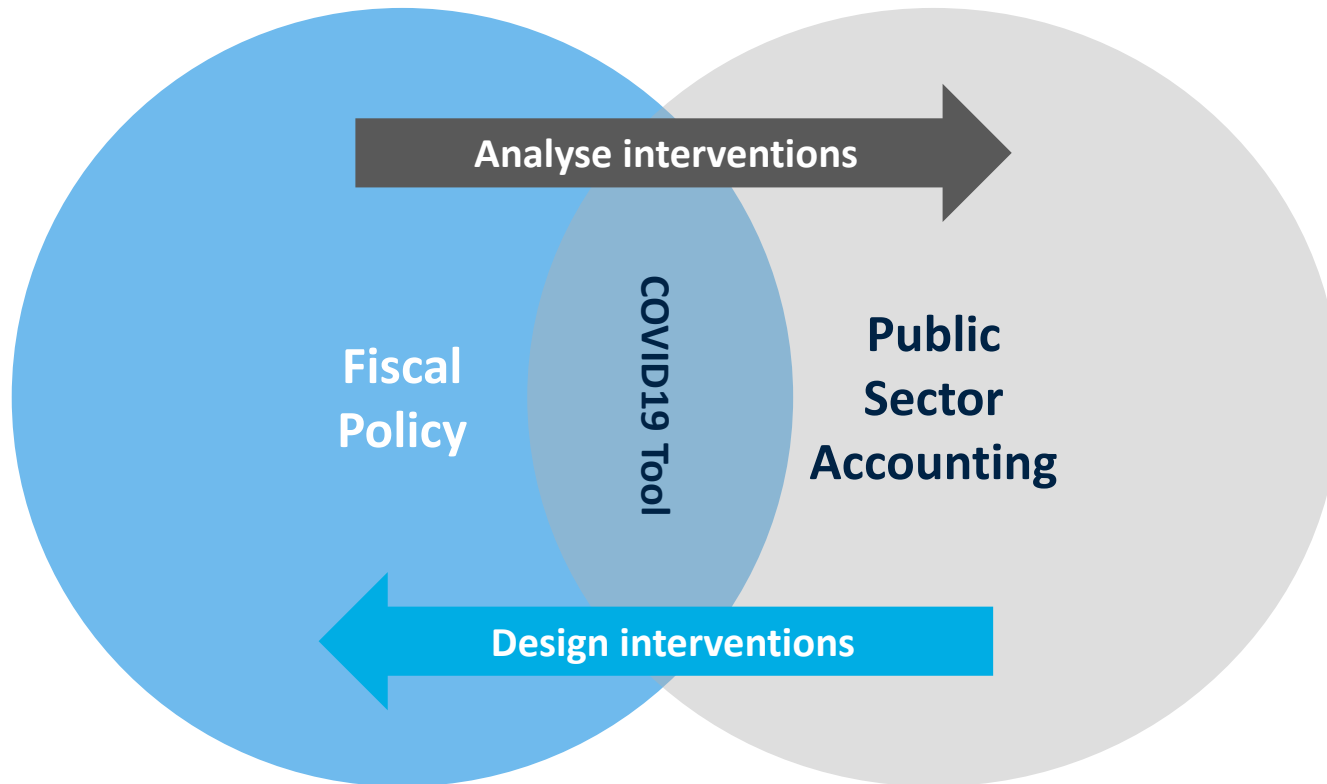
Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Behind the scenes



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- Two approaches to the COVID19 Intervention Assessment Tool



Key elements of the assessment process: Analyse interventions



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- Analyse three moments in time



	Initial recognition			End of first reporting period			Following reporting periods		
Intervention #1									
Intervention #2									

- Why? For most interventions, some of the accounting effects are only visible at later reporting dates

Key elements of the assessment process: Analyse interventions



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- Analyse Means of Financing separately 

	Initial recognition			End of first reporting period			Following reporting periods		
Intervention #1									
Intervention #2									

	Lack of cash		
Financing #1			
Financing #2			

- Why? Financing, e.g. the increase of debt, is not directly linked to each intervention

Key elements of the assessment process: Analyse interventions



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- Only if necessary analyse the difference between full accrual and cash accounting



- Full accrual accounting

	Initial recognition			End of first reporting period			Following reporting periods		
Intervention #1									
Intervention #2									

	Lack of cash		
Financing #1			
Financing #2			

- Cash accounting

	Initial recognition			End of first reporting period			Following reporting periods		
Intervention #1									
Intervention #2									

	Lack of cash		
Financing #1			
Financing #2			

- Why? The tool contains this mainly for jurisdictions which are still on pure cash basis

Key elements of the assessment process: Analyse interventions



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- Analyse the effect on each part of the financial statements



	Initial recognition (... End of first reporting period ... Following periods)							
	Statement of financial position					Statement of financial performance		Notes
	Assets		Liabilities					
	Cash	Non cash	Debt	Non debt	Net Assets/ Equity	Revenues	Expenses	Disclosures
Intervention #1								

	Lack of cash							
	Statement of financial position					Statement of financial performance		Notes
	Assets		Liabilities					
	Cash	Non cash	Debt	Non debt	Net Assets/ Equity	Revenues	Expenses	Disclosures
Financing #1								

- Why? Analysis should include all elements

Key elements of the assessment process: Design interventions



- Analyse the effect on each part of the financial statements



	Initial recognition (... End of first reporting period ... Following periods)							
	Statement of financial position					Statement of financial performance		Notes
	Assets		Liabilities					
	Cash	Non cash	Debt	Non debt	Net Assets/ Equity	Revenues	Expenses	Disclosures
Intervention #1								

- Look up in tool which interventions suit you best
- IPSAS Accrual accounting standards avoid hiding of effects
- The tool can also be used if (full) IPSAS have not yet been implemented

The link to economic policy

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- Do whatever it takes, but keep the receipts! (Manal Fouad, 2020)

The screenshot shows the IMF Public Financial Management Blog page. The header includes the IMF logo and the title "Public Financial Management Blog: Making Public Money Count". The article is dated April 22, 2020, and is titled "Do Whatever It Takes but Keep the Receipts—the Public Financial Management Challenges". The author is Manal Fouad, Gerd Schwartz, and Claude Wendling. The article discusses the challenges of managing public finances during the COVID-19 pandemic, emphasizing the need for transparency, accountability, and legitimacy. It mentions that governments should aim to balance the demands of an urgent response with the need for a high degree of transparency and communication. The article also notes that governments should strive to be transparent in presenting the impact of the crisis on public finances and the economy, even while acknowledging the numerous uncertainties. The article concludes by stating that these consultations have to be conducted speedily and in a transparent manner, and that governments should aim to be transparent in presenting the impact of the crisis on public finances and the economy, even while acknowledging the numerous uncertainties.

<https://blog-pfm.imf.org/pfmblog/2020/04/-do-whatever-it-takes-but-keep-the-receipts-the-public-financial-management-challenges-.html>

How to design economic interventions in the BSA?



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The primary objective remains the economic effect




- Interventions have to achieve the economic policy goal!
- The goal is not defined by the Balance Sheet Approach (BSA) itself
- But there are always different *design options of economic interventions* and that is where the BSA should be considered
 - Cash needs
 - Asset acquisition
 - Risk mitigation
 - Financing without debt
- Some MDB programs particularly focus on fiscal policy design (e.g. World Bank, 2020, IDB, 2020)

How to design economic interventions in the BSA?



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What is the effect of such a design? 

- Primary effect: A stronger balance sheet going out of the crisis
- Secondary effects: Sustainability
 - Less burden to future generations
 - More capacity to absorb future economic shocks
-  Always consider the effect on the government balance sheet, before deciding on the design of economic intervention. It does make a difference for future generations!

Screen cast in English: <https://www.youtube.com/watch?v=Bod2BTfx4o4>

Presentation in Spanish: https://www.zhaw.ch/storage/shared/upload/200428_balancesheeteconomicpolicy_covid_without_video_sp_final.pdf

Behind the scenes: Conclusions



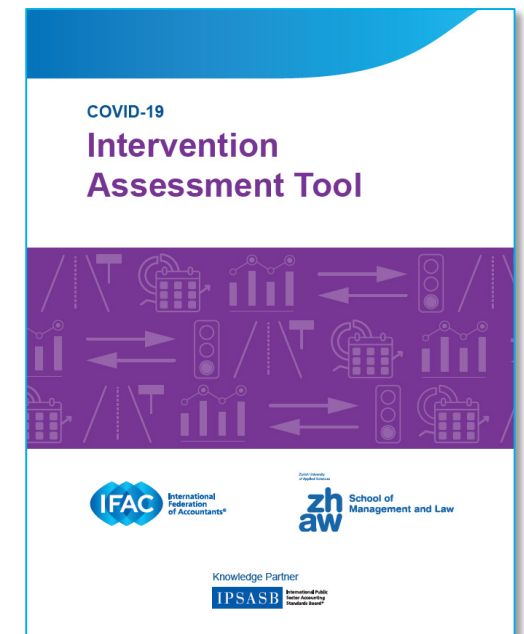
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- The IFAC-ZHAW COVID19 Intervention Assessment Tool supports analysis and design
- Economic Interventions should always consider their accounting effects!

→ More sustainable economic policy

Analyse interventions

Design interventions



Thank you.

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