

Managing Change: Engaging External Stakeholders for Improved Government Financial Reporting

Strengthening Public Financial Reporting and
Accountability Round Table

The Bahamas

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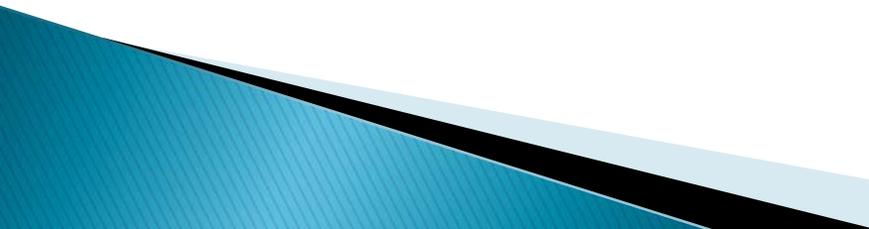
CARTAC PFM Advisor



2006 White Paper by GASB

- ▶ Reasons why government finances generate user demand for unique information include:
 - Governments serve a broader group of stakeholders, including taxpayers, citizens, elected representatives, oversight groups, bondholders, and others in the financial community.
 - Most government revenues are raised through involuntary taxes rather than a willing exchange of comparable value between two parties in a typical business transaction.
 - Monitoring actual compliance with budgeted public policy priorities is central to government public accountability reporting.
 - Governments exist longer than for-profit businesses and are not typically subject to bankruptcy and dissolution.
- ▶ “These significant differences.....are the primary reasons why separate accounting and financial reporting standards for governments are necessary,” said Robert E. Denham, chairman of the Financial Accounting Foundation Board of Trustees.

External Stakeholders – Who are they?

- ▶ Civil Society
 - ▶ Parliament
 - ▶ Journalists
 - ▶ Development Partners
 - ▶ Bond Rating Agencies
 - ▶ Economists and IFIs
 - ▶ ‘Regional’ and ‘Comparative’ countries
 - ▶ Investors and Business Owners/Providers
 - ▶ Technical Assistance Providers
 - ▶ The “Bad Guys”
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...and why are they interested?

- ▶ Users need information to:
 - Assess the government's stewardship of public resources, including information to evaluate the manner and extent to which resources are devoted to specific services and the costs of providing those services.
 - Determine compliance with legally authorized spending authority.
 - Establish credibility of government to repay debt.
 - Evaluate government's ongoing ability to generate resources
 - Costs of activities that compete for those resources

How can stakeholders support the reform processes?

- ▶ Being engaged – providing feedback
 - Requesting reform plans
 - ▶ Involvement in implementation of reforms
 - ▶ Involvement in committees or government sponsored entities providing oversight of donor funding and reforms
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Examples of Stakeholder Involvement

▶ Jamaica

- Quarterly donor coordination committee meetings as part of reform implementation and monitoring process
- Results include improve coordination of donor funded activities and improved transparency

▶ Malawi

- Quarterly donor sponsored reform meetings evolved into government sponsored meetings
- Resulted in government establishment of donor oversight unit at MoF

▶ Iraq

- Unique embassy, military, and donor activities individually established began sharing information at quarterly meetings (PFMAG)
- Resulted in improved coordination of IT projects, technical assistance mission cooperation and consistent financial reporting on GoI budget execution

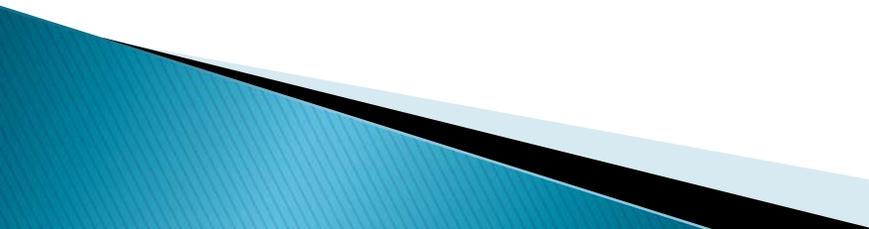
▶ Lebanon and adjoining countries

- Government training entities coordinated activities and invited others to join training, provide presentations, etc.(Institut des Finances Basil Fuleihan)

▶ Other

- PFM action plan with sponsor entities identified (PEFA)
- Prior to establishment of donor funded activity, sponsoring organizations meet and coordinate with other entities to ensure cooperation and eliminate duplication.
- Involvement of local entities/practitioners in providing training and material at workshops

Improving the Success of Stakeholder Involvement in Reform Activities

- ▶ Build ownership/relevance – what is in it for them?
 - ▶ Prepare a brief summary of the mechanisms to improve coordination of reform activities
 - ▶ Include coordination and cooperative efforts in action plan on reform activities
 - ▶ Promote transparency of action plans and reform activities
 - ▶ Celebrate successes!!!
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CONCLUSION

- ▶ Questions?