

# Managing Change: Engaging External Stakeholders for Improved Government Financial Reporting

Strengthening Public Financial Reporting and  
Accountability Round Table

The Bahamas

Celeste Kubasta

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.

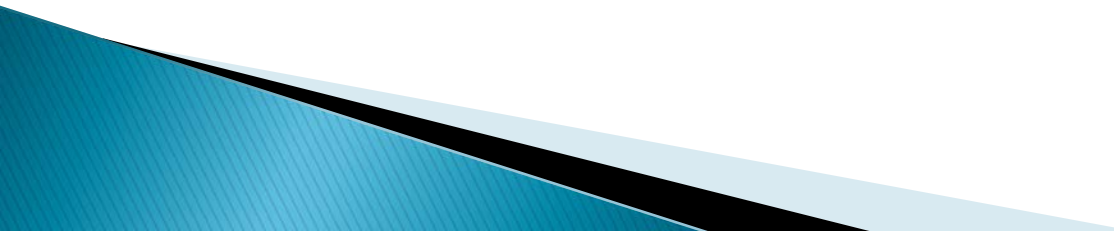
# External Stakeholders – Who are they?

- ▶ 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

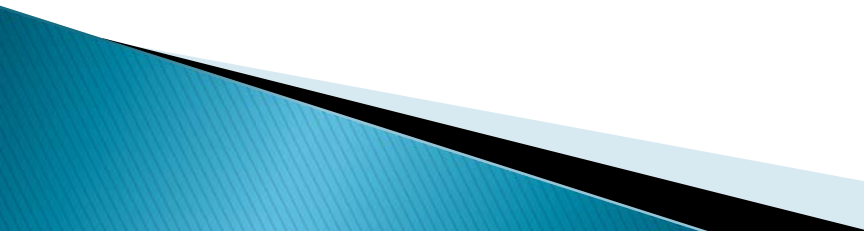
## ▶ Lebanon and adjoining countries

- 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?