



Completion Report

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Regional Forum on Public Sector Accounting

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TA No., Country, and Name:			Amount Approved: US\$500,000	
TA 7903-REG: Regional Forum on Public Sector Accounting			Revised Amount: N/A	
Executing Agency: Asian Development Bank (ADB) – Controller's Department		Source of Funding: Republic of Korea e-Asia and Knowledge Partnership Fund (EAKPF)	Amount Undisbursed: US\$ 41,021.50	Amount Utilized: US\$ 458,978.50
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Description This regional capacity development technical assistance (TA) was designed to improve the structure of public sector management by strengthening the accounting and reporting systems of governments. It was meant to enhance the awareness of developing member countries' (DMCs) government officials on international public sector accounting standards (IPSAS) and practices. This TA also aimed to improve ADB's understanding of the type and scopes of assistance required by the DMCs, particularly in the area of public sector accounting, and strengthen its insights and knowledge in this area.				
Expected Impact, Outcome and Outputs The expected impact of this TA was to enhance the awareness of the DMC government officials on IPSAS and international accounting practices to improve their financial reporting. The expected outcome was strengthened knowledge and understanding of IPSAS and international accounting practices that lead to improved transparency and accountability in DMCs' public sector finances. The outputs of this TA included (i) Public sector accounting forums and workshops for the benefit of participants from selected DMCs are organized; (ii) Areas of challenges faced by DMCs in strengthening government accounting framework and adopting IPSAS are identified.				
Delivery of Inputs and Conduct of Activities ADB was the executing agency for this TA project which was implemented by the Controller's Department (CTL). International consultants were used in the areas of public sector accounting research, which included conduct of surveys of the DMCs' current accounting practices, capacity development issues, and training needs. A team of CTL staff managed the consultants' activities, facilitated the forums and workshops, and coordinated the overall TA project. The TA funds were used to cover the consultants' fees; the expenses of the forums and workshops which include the venues, travel and accommodation for the participants and resource speakers; and other miscellaneous administrative and support costs. The overall implementation of this TA was satisfactory.				
Evaluation of Outputs and Achievement of Outcome ADB hosted two regional forums and two regional workshops on public sector accounting for this TA. ¹ These were attended by government officials from selected DMCs. Resource speakers were invited from the Government of Korea, host countries (Indonesia and Malaysia), World Bank, International Monetary Fund (IMF), and accounting organizations such as International Public Sector Accounting Standards Board (IPSASB), International Federation of Accountants (IFAC), Confederation of Asian and Pacific Accountants (CAPA), the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Chartered Accountants in England and Wales (ICAEW), and PricewaterhouseCoopers (PwC). ADB also engaged PwC to assist in the formulation and compilation of surveys, which focused on assessing the public sector accounting framework in the DMCs. The first survey held in 2013 highlighted that most DMCs are still using either cash or modified accrual basis accounting. A follow-up survey was carried out in 2016 to compare the results and to analyze trends and developments since 2013. The result confirmed that several DMCs surveyed in 2013 have taken further steps towards the accrual basis accounting and that almost all DMCs surveyed intend to adopt or enhance the accrual basis accounting framework for their government financial reporting and most strive to achieve compliance with IPSAS or similar national standards. The survey result also identified some key capacity constraints and training needs.				

¹ Forums were held in Bangkok, Thailand in March 2013, and October 2016. The workshops were conducted in Jakarta, Indonesia in September 2014, and in Kuala Lumpur, Malaysia, in August 2015.

Building on the results of the surveys and based on their own experiences, the resource speakers provided the latest developments in the IPSAS and global best practices, and shared the challenges that the DMCs are facing in implementing accrual basis IPSAS. The forums and workshops also included extensive discussions on experiences of various countries in implementing public sector reforms, and reiterated the importance of political commitments from government leaders, detailed research and planning, capacity development of government officials, and the development of financial management information system. The participants echoed the challenges in improving the public sector accounting as several experiences showed that adopting accrual basis IPSAS is a long term initiative.

The feedback from the participants of the forums and workshops was very positive. These events have helped develop a community of practitioners to share knowledge and gain insights into public sector accounting. These could contribute to improved public financial reporting and management system in DMCs, with a positive impact on governance, accountability and transparency. This is consistent with the ADB Strategy 2020² and its development agenda on good governance, anticorruption and an enhanced government financial management system.

Overall Assessment and Rating

The TA is rated successful. The participants to the forums and workshops appreciated ADB's efforts to provide a platform for the DMC government officials to network and share experiences, and also appreciated the participation of internationally recognized resource speakers, who were able to provide insightful views and share global best practices. All participants expressed strong support for the continuation of such forums and workshops, with suggestions to include specific topics of challenges faced by them.

The TA has fulfilled its objective of enhancing the awareness of the DMC government officials on IPSAS and accrual basis accounting.

Major Lessons

1) Need for increased adoption of accrual basis IPSAS: Adoption of accrual basis IPSAS is a fundamental step that governments can take to improve their financial reporting and public financial management. It improves the quality and usefulness of financial information for all stakeholders, thereby helping to strengthen public finance management. Notwithstanding that the DMCs recognize the benefits associated with accrual basis IPSAS, most DMCs still follow largely cash basis accounting practices and face capacity constraints in terms of accrual basis financial systems and expertise.

2) Capacity constraints: Most DMCs face capacity constraints in terms of the technical aspects of accrual basis accounting principles and specific IPSAS requirements; and the implementation issues on how to transition to accrual basis accounting and implement IT solutions for financial management and reporting. These knowledge gaps need to be addressed to build local capacity and embed accrual basis IPSAS as the basis of government accounting frameworks in the DMCs.

3) The need to engage with stakeholders: ADB should continue its communications and strong outreach programs with DMCs and other institutions in ensuring that the DMCs progress in their road maps of adopting accrual basis IPSAS. Political commitment from government leaders is also very important to achieve this, along with a platform where DMCs can network and share experiences, and to be updated of the latest trends and best practices in public sector accounting and reporting.

Recommendations and Follow-Up Actions

This TA has contributed in raising the awareness of the DMCs government officials on IPSAS, accrual basis accounting and best practices in financial reporting and public financial management. It has also identified key areas of challenges faced by the DMCs in strengthening their governments' accounting framework. Following these achievements and lesson learned, it is recommended to continue providing regional forums and workshops to the DMCs through a second phase of this TA.

Prepared by: Rie Matsubayashi

Designation: Financial Control Specialist, OIC, CTOC-FRC/AP

² ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008-2020*. Manila.