



Preserving Economic Gains and Investing in the Future: Promoting Growth through Improved Financial Accountability

The 8th Regional CReCER Conference on Accounting and Auditing for Regional Economic Growth takes place at the Swissôtel in Quito, Ecuador from May 4-8, 2015

Presentations

Polymakers' Forum May 5-6

- International Standards Setting in the Public Interest: Perspectives, Opportunities and Challenges
- Public Sector Accountability: Cornerstone of the Social Contract between Citizens and the Government
- Where Public Meets Private: Impact of the State's Financial Position on Private Sector Growth

Practitioners' Summit May 6-8

- Application and Implementation of IFRS in SOEs and Their Impact on Government Accounting
- Transition from Cash to Accrual Basis of Accounting: Process and Technical Challenges
- Performance Based Auditing: Challenges, Opportunities and Lessons Learned

■ 500+ Participants from 35 countries

- Polymakers' Forum
- Practitioners' Summit
- IFRS & IPSAS Training

Information: www.crecer2015ecuador.org

Registration: registro@crecer2015ecuador.org

Global Partners:

World Bank Group (WBG)

Inter-American Development Bank (IDB)

International Federation of Accountants (IFAC)

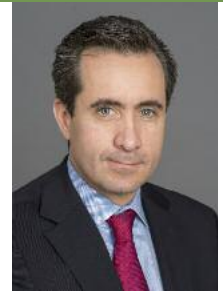
Global Public Policy Committee (GPPC)



Welcome by Jorge Familiar

World Bank Vice President for Latin America and the Caribbean

@Familiar_BM



Since its launch in 2007, the CReCER conference organized by the Global Partners – the World Bank Group, the Inter-American Development Bank, the International Federation of Accountants and the Global Public Policy Committee – has become a leading forum for decision makers and stakeholders in financial reporting and auditing in Latin America and the Caribbean.

The 2015 edition happens at a critical time for the region. The great strides made in reducing extreme poverty and boosting shared prosperity in recent years are now threatened by slowing economic growth and the decline in commodity prices. In this context, maximizing efficiency in the use of public resources and mobilizing the private sector potential are key goals of the region's governments.

This year's CReCER theme "Preserving Economic Gains and Investing in the Future – Promoting Growth through Improved Financial Accountability" could not have been more timely. Ensuring that government decision makers have the information necessary for the efficient management of public resources is crucial to guarantee the region's hard-earned achievements.

Financial accountability is at the core of attaining the trust and credibility that is key to maintaining the government's revenue base and to attracting the additional sources of financing required to satisfy the demand for investments in infrastructure without raising potentially damaging fiscal risks.

Looking ahead, a sound financial framework will also help make the most of the expected rebound of the international economy in the next two years, with strengthening exports buoyed by continued recovery among high-income countries and robust capital flows into the region.

The role of a robust accounting profession in both the public and private sectors is thus central for Latin America and the Caribbean's future prospects. Improved financial reporting within the public sector can help to enhance the credibility of governments and provide information that is necessary for the efficient management of public resources.

In the private sector, continuing efforts to enhance financial reporting frameworks should ensure increased affordable access to finance and credit, market efficiency and discipline. This is decisive to strengthen small businesses, often referred to as the engines of growth, as they seek to acquire capital to invest, grow, and create jobs.

CReCER will be a great opportunity to review progress in these areas while charting the way forward to support the region's growth and ensure continuing gains. On behalf of the 2015 CReCER Conference Secretariat, I express our gratitude to the Government of Ecuador for hosting this important event. I look forward to meeting you in Quito and joining you for the discussions.

Featured Initiatives: Structured Partnerships and Regional Co-Operations

The Latin America and Caribbean region (LCR) is a complex mix of middle income countries such as Brazil, OECD members (Mexico and Chile), low-income countries, and a fragile state (Haiti). Economic differences notwithstanding, many regional similarities still exist such as a shared language and a public sector broadly striving to improve service delivery, tackle issues of redistribution, and overcome low levels of trust in the State. Enhanced transparency and improved financial accountability are critical factors to address these governance challenges and improve citizens' confidence in government.

Three active regional initiatives, with overlapping membership and mandates that bring the demand and supply sides together, demonstrate the multi-pronged approach being used to strengthen private and public sector accountability in LCR. All three networks look forward to identifying possible synergies and further areas for improved coordination.

CReCER

CReCER has developed into an established regional platform to network and share knowledge under the collaborative leadership of the World Bank, the Inter-American Development Bank, the International Federation of Accountants, and the Global Public Policy Committee.

Since its inception in 2007 there has been significant progress on adoption and implementation of international accounting and auditing standards and an expanded focus to include the public sector accountability reform agenda in response to regional demand. Participant surveys from the annual conference highlight the relevance of conference topics, while acquisition and application of new knowledge and skills have had an impact at the individual and country level. This is most clearly evidenced by the speed of one country's adoption of IFRS (Brazil), and the formation of regional groups to support and share experiences in addition to mutual problem solving.

FOCAL



FOCAL is a new regional network, created in response to the demand by the Accountants Generals of 18 Ibero-American countries with the support of the WB, IDB and IMF. FOCAL aims to act as a regional catalyst for accounting reform in order to facilitate knowledge exchange, strengthen links between members, and foster peer-to-peer collaboration to identify common, cost-effective solutions to public sector accounting issues.

In its inaugural event in November 2014, a World Bank research paper summarized the public sector reform experience in Latin America and helped to identify areas of potential collaboration such as: (i) training of public sector professionals to prepare accrual based accounting and financial reporting information; (ii) accounting and management of fixed assets to strengthen decision-making with respect to public investment management; and accounting and financial reporting in public sector entities to enhance transparency.

Road Map for Future Collaboration - Controlaria de Chile and the World Bank

As a result of dialogue following the FOCAL workshop, Controlaria de Chile and the World Bank signed a strategic Memorandum of Understanding for future collaboration on public sector accounting reform.

ANTI-CORRUPTION NETWORK

Established in 2014, the Anti-Corruption Network is comprised of representatives from institutions of accountability (for example, Comptrollers and Attorney Generals) and responds to client demand to strengthen the role and capacity of these agencies. The Network brings together diverse representatives and fosters intra-regional cooperation, and seeks to identify best practices and approaches in addressing broader governance challenges, which include but is not limited to the rising rates of crime and violence and organized crime in Latin America and the Caribbean.

Message from the GPPC: Corporate Governance at CReCER

The Global Public Policy Committee (GPPC), which comprises representatives of the six largest global accounting networks who meet to discuss public policy and capital markets issues of relevance to investors and our profession, strongly believes that effective corporate governance contributes to sound financial reporting, better quality audits and well-functioning capital markets. This, in turn, strengthens financial stability and the overall global economy. Therefore, we are pleased that there will be a distinct panel in the CReCER 2015 conference focused on corporate governance, particularly in light of the OECD's current project to revise its corporate governance principles. Corporate governance is a dynamic topic in Latin America and Caribbean and many corporate governance codes in Latin America and the Caribbean draw from these principles.

In our comment letter responding to the OECD's proposed changes to the principles, we outlined the following as core elements of effective corporate governance:

- Effective boards of directors.
- Independent and effective audit committees.
- Reliable, relevant and timely corporate reporting, which includes reports from the board.
- Independent audits overseen by independent audit regulators and independent audit committees.
- Informed and engaged shareholders.

We look forward to the discussion of this important topic at CReCER.

* GPPC comments on the proposed revisions to the OECD Corporate Governance Principles can be found at www.OECD.org.

Q&A with Olivia Kirtley

President of the International Federation of Accountants



You announced in your acceptance speech that you wanted to strengthen IFAC's external relationships, such as with lawmakers, regulators, governments, investors, and media.

What is your objective with this?

This is an essential objective for the profession. I'm proud of the outstanding work the profession does around the world and, and extraordinarily proud to be an accountant. IFAC has always had good relations with key influencers around the globe, but with ongoing leadership changes, we must constantly strive to develop these relationships, to foster trust and understanding that surround issues, and to listen to their concerns and perspectives.

IFAC's role as the global organization for the accountancy profession means we need to keep working hard to maintain links with regulators, governments and key decision makers, media and investors. We must ensure they understand the wide range of activities being undertaken by the profession that contribute greatly to maintaining and strengthening capital markets and economies. I'm excited by IFAC's global representation and advocacy mandate and helping to communicate the profession's work on capacity building in developing countries; our **Accountability. Now.** campaign to raise awareness of the need for high-quality public sector reporting; and we must continue to reinforce the message that the independent standard setting boards are exactly that – independent, and are functioning very well, fulfilling a vital public interest role.

You have also stressed the importance of public interest issues. How does IFAC balance being a professional organization, a body for advocacy, and a champion of the public interest?

IFAC was founded in 1977 with a specific public interest mandate so it's less about finding 'balance' than always remembering that the profession's voice and the public interest are so often intertwined, and aligned.

One of the best things about being a not-for-profit organization and a truly global voice for the profession with an extraordinary membership base is that we get to hear and see so much of what's going on in the world, and the great work accountants are doing to help address critical public interest issues. For instance, it is exciting to talk to public sector leaders and politicians about the profession's ability to help them provide better, clearer information to their stakeholders and citizens, and about the great work we and our member bodies are doing in the developing world to establish professional accountancy organizations.

Public Sector Accountability for Improved Service Delivery Country Studies:

Colombia: National Health Superintendence (SNS) and IFRS Implementation

As Colombia advances towards Organization for Economic Cooperation and Development (OECD) accession, its National Health Superintendence (SNS) is in the process of strengthening its financial reporting framework and championing institutional reforms to strengthen its capacity to perform its supervisory functions. The reforms will enable the SNS to enhance its oversight/management of health service delivery throughout the country.

Companies in the health sector are mandated by law to adopt and implement IFRS by 2015, which will have a direct impact on the recognition, measurement, presentation and disclosures of assets, liabilities, capital, income and expenses of the supervised entities. Since August 2014, as part of a Reimbursable Advisory Service (RAS) agreement with the World Bank, several assessment reports and training activities for SNS staff on tools for monitoring IFRS implementation and the risk-based supervision model have been delivered. In addition, the readiness of the regulated entities to transition to IFRS in early 2015 has been assessed and recommendations for an action plan on how to monitor IFRS implementation have been provided. Appropriate implementation will enhance the quality of financial information provided to the SNS by regulated entities, thus facilitating a risk-based supervision model that uses quantitative indicators such as liquidity and solvency ratios. The SNS's risk-based supervision approach aims to address several constraints that hinder the scope and quality of health service delivery in Colombia.

Argentina: Province of Buenos Aires and Its Focus on the B40

In the last decade, the Province of Buenos Aires made significant improvements in public financial management (PFM) through adoption of a treasury single account and the piloting of new audit tools and control functions, such as performance audits and results-based budget indicators.

Using the foundations laid in PFM reforms to improve service delivery is a top priority, especially in the health and education sectors. In March 2015, the Province took another step in this direction, and with technical assistance from the World Bank conducted an assessment analyzing performance of the PFM systems, and quality of service delivery at the sectoral level. One of the main objectives of this work is to identify potential links between specific PFM processes, (including budget preparation, execution, public procurement, financial reporting and auditing), and service delivery outcomes, which directly affect the lives of the people of the Province of Buenos Aires.

In Argentina, the World Bank's priority is to support the country's bottom 40 percent (B40), whose wellbeing largely depends on public services. Determining links between PFM performance and service delivery in health and education, as well as identifying specific ways to leverage this connection, will help this Province and other subnational governments allocate and use public resources more efficiently, in order to improve the delivery of basic services, benefiting the B40 most of all.

GLENIF: International Financial Reporting Standards (IFRS) for Small- and Medium-Sized Entities (SMEs)

The Grupo Latinoamericano de Emisores de Normas de Información Financiera (GLENIF), formed in 2011, is comprised of issuers of accounting standards in 14 Latin American countries. The group's main aim is to provide a unified position on accounting standards to the International Accounting Standards Board (IASB).

GLENIF and the public accountancy organization (PAO) in Argentina, Federation of Professional Councils in Economic Sciences (FACPCE), hosted the Fifth Annual Seminar on International Financial Reporting Standards (IFRS) and IFRS for Small- and Medium-Sized Entities (SMEs) sponsored by the World Bank. The Seminar was held in Buenos Aires, Argentina in July and August of 2014 and highlighted the importance of

private sector accounting and auditing to sustainable development and the creation of jobs in the private sector. Dr. Daniel Boyce, Manager for Financial Management in Latin America and the Caribbean at the World Bank, emphasized the critical role of the accounting and auditing profession and spoke about the Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration (MOSAIC) between the International Federation of Accountant (IFAC) and 12 donors (including the World Bank and the Inter-American Development Bank (IDB)) and the launch of its new website. MOSAIC's objective is to increase the capacity of PAOs in partner countries to improve the quality of public and private sector accountancy and financial management. Other ongoing efforts to strengthen financial reporting in Latin America and the Caribbean include the Report on the Observance of Standards and Codes (ROSC) initiative and technical assistance to the region's private sector in Costa Rica, Suriname, Haiti and Mexico.

Message from Samia Msadek

Director, Governance Global Practice, The World Bank Group

In today's globalized world, dissemination of knowledge on solutions to common challenges between different regions is a key factor in the quest for economic growth. Since it was launched in 2007, the CReCER initiative is now recognized as a key influence in promoting improved financial reporting practices in the private and public sectors in Latin America and the Caribbean (LAC) through its annual conference and other knowledge sharing activities. The initiative has successfully demonstrated that robust accounting practices in the private and public sector are an essential condition for economic growth in the region.

There are numerous lessons from the achievements of the initiative and that can be applied in other regions. The themes of the CReCER conferences and topics discussed are relevant not only in LAC, but in other parts of the world. The World Bank's presence in all regions of the world places it in a privileged position as an agent for the propagation of knowledge and good practices. The Bank has thus effectively supported the establishment of similar initiatives in other regions, including Europe,

South Asia and Middle East and North Africa. These initiatives have helped to reinforce the contribution of the accountancy profession to the debate on issues related to economic growth.

The themes to be discussed at this year's conference address challenges that exist globally. These themes will focus on the importance of robust accounting, auditing and financial reporting practices to the efficient operation and development of the private sector and to the proper functioning of the public sector. Specific topics to be discussed include public sector accountability as part of the social contract between citizens and government, the future of corporate and auditor reporting and enhancing accountability in State Owned Enterprises. The conference will offer another excellent opportunity for other regions to learn from LAC, and the Bank stands ready to disseminate the knowledge that will be shared in the conference. I thus look forward to the discussions.



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