

CONNECTING VOICES

Financial Management

for the People of the Middle East & North Africa

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Building Trust & Institutions



Hisham WALY
Manager, Financial Management
MENA, The World Bank

Governments and institutions must have the trust of citizens if they are to deliver services and achieve positive development outcomes. Without such trust, citizens could disengage from the state. Enhancing transparency, accountability, and participation helps build trust. This is why the World Bank's Financial Management unit in MENA decided to launch the Connecting Voices of MENA initiative, or, as we like to call it, CV MENA. CV MENA, more details next page, is a regional partnership that promotes improved financial management practices in both the public and private sectors. Its aim is to support the demands of citizens throughout the Arab World for better governance, a voice in public affairs, and social and economic inclusion. By fostering greater transparency, accountability, and participation, CV MENA hopes to promote greater investment in the region. CV MENA plans to take advantage of the windows of opportunity for change that are now open in the region. It will support capacity building in the area of financial management, facilitate the development of a professional community, and support the sharing and transfer of knowledge both within countries and across the region as a whole.

The CV MENA journey started in April 2013 with a Boot Camp in Lebanon—"Control, Audit and Inspection in the Middle East"—with participants from Lebanon, Jordan, Iraq, and Morocco. Another Boot Camp in Egypt covered "Good Practices in Supreme Audit Institutions." Then, our two main events, or Exchanges—"Public Financial Accountability in a Changing Environment" in Abu Dhabi, and "Strengthening Accountancy as a Foundation for MSME Sector Growth and Job Creation" in Jordan—drew nearly 500 participants from across the region. CV MENA is not just about training; we work with our clients on specific issues, constraints, and bottlenecks to find together the solutions that best fit the local context. We do not try to impose so-called "best practices" or "pre-packaged solutions," but rather we aim to be responsive to regional and national voices and needs.

To help communicate beyond those who attend CV MENA events and to create a space in which financial management professionals and members of the public accountability community can interact, six months ago we launched a virtual magazine on our CV MENA website. Now we are taking the magazine one step further. This is the inaugural print edition of the magazine; 5,000 copies are being distributed around the MENA region and to select locations across the globe. The print edition of CV MENA Magazine will be published four times a year.

This magazine is designed to share knowledge about public financial management and corporate financial reporting, and to feature current and relevant news, articles, and books from around the region and the world. We plan to share this information with financial management practitioners in Ministries of Finance, supreme audit institutions, professional accountancy organizations, media, academia, and nongovernmental organizations, as well as with the general public in MENA.

We hope you enjoy this first issue of the CV MENA Magazine. We welcome your feedback as we tweak and fine-tune over the next few issues; share your thoughts with us at cvmena@worldbank.org.

www.cvmena.org

CV MENA

4 Components



The Exchange is a major annual forum that provides a channel for dialogue, enabling countries to share experiences and promote societal-governmental consensus building. It promotes intra-regional cooperation and stimulates interest in improving public financial management and corporate financial reporting in MENA. The Exchange facilitates knowledge-sharing from transitional democracies and showcases successful experiences from fragile and conflict states. It starts where financial management diagnostics leave off, supporting the creation of an enabling environment for reforms to move from concept to reality. The Exchange helps catalyze innovative activities to develop regional public goods and enables the World Bank to truly be a "Solutions Bank."

A Boot Camp is a practical concept. It involves gathering a group of decision-makers and experts to address a particular issue through focused and intensive discussion that takes into account both technical and non-technical factors. After thoroughly examining the issue, the group develops possible solutions and a work program to help implement them. The experience is documented in a Solution Paper—a brief note describing how a specific challenge or problem was addressed in a collaborative and pragmatic fashion. The Boot Camps, together with Solutions Lab and discussions in Maarefah, feed into the design of the Exchange and CV MENA's workprogram.



In partnership with the Bank's Global Development and Learning Network (GDLN), CV MENA connects participants across the MENA region once each quarter to focus on finding solutions on topics related to internal and external audit and corporate financial reporting. Solutions Lab realizes that an answer is not necessarily the solution: a time-tested "best practice" may not be optimal in a particular situation because it is simply not politically or socially feasible at the time. The Labs help our clients fashion an attainable solution—an alternative answer to the problem—by bringing in other perspectives and different, yet relevant, experiences from other countries. The Labs also feed into the design of The Exchange.

Maarefah responds to the need to implement, sustain, and build on the results of The Exchange, as well as to extend these benefits to those unable to personally attend Boot Camps and Solutions Labs. Maarefah ("knowledge" in Arabic) is a Community of Practice (CoP) that serves as a forum for ongoing dialogue and continuous peer-to-peer and expert knowledge exchange. The CoP—established by the Financial Management Unit of the World Bank's Middle East & North Africa Region in 2011 as a response to popular demand for change, accountability, transparency, and inclusiveness—is designed to serve as a robust base for extending the dialogue and refocusing it on the needs of CV MENA.

Our Partners

CV MENA is partially funded by the MENA Multidonor Trust Fund—a programmatic trust fund that provides catalytic donor support to countries in MENA that are undergoing historic transition and reform.

In alignment with the Bank's MENA strategy, which was developed in response to the Arab Spring, and with clear linkages to current and future Bank-funded operations and programs,

the MENA MDTF focuses on strengthening governance, increasing social and economic inclusion, creating jobs (from both the demand and the supply sides), and accelerating sustainable growth.

It supports technical assistance for project preparation, analytic studies, capacity building, and knowledge sharing.

MENA MDTF The MENA Multidonor Trust Fund



DANIDA



Inquiries: menamdtf@worldbank.org

The Transition To Open Government In The Arab World

In the coming months and years, one of the most important development areas we will be dealing with is open government.



**Inger
ANDERSEN**
MENA Vice President,
The World Bank

This is a particularly exciting time for work on open development, because—in part thanks to new information and communication technologies—people all over the world are developing increased expectations about transparency, accountability, and the degree to which they should be able to participate in the functioning of their governments. In just the past year, we saw that protests in countries such as Brazil, India, South Africa, and Turkey were rooted in the universal desire for greater, and more equal, prosperity and for greater participation and voice.

Governments around the world have been responding with reforms that increase access to information, establish checks and balances to hold the executive accountable, and devolve decision-making and resources to local levels. As one example, the number of countries with access-to-information legislation has increased rapidly over the past two decades, from 12 in 1990 to over 80 today.

Nowhere has the call for greater voice and accountability been more loudly expressed than in the MENA Region—where civil society engagement, access to information, and freedom of the media rank among the weakest in the world—during the Arab Spring.

Over the past few years, I was

fortunate to engage with numerous impassioned citizens and independent organizations across the Region that are leading campaigns for public access to information, for natural resource revenue transparency, and for opening budgets to public scrutiny.

The key message I have been hearing is that open government is vital for development and for ensuring that citizens have a say in shaping their countries' future.

And change is happening: citizens in the Region today are more aware, engaged, and connected. Internet users jumped from 17% of the population in 2008 to 40% at the end of 2012, and 88% of the Middle East online population uses social networking sites daily. This kind of growth has increased both people's access to and their demand for information, setting the stage for an informed public debate and for building consensus for important policy changes.

At the World Bank Group, we are embracing this change and need to respond to the new demands, and adapt. Therefore, citizen engagement has become an integral part of our strategy and practices. As Vice President for the MENA region, I am proud to highlight that:

- We have volunteered to be the first Region in the World Bank

- to attempt to mainstream citizen engagement across our entire portfolio—obtaining direct feedback from beneficiaries and citizens on how our projects and programs are performing as part of our routine results monitoring.
- Our opportunities to communicate with citizens have widened dramatically: the MENA blog has had over 400,000 page views, and on MENA Facebook we have nearly 300,000 followers and have reached around 20 million unique visitors.
- Through outreach, beneficiary engagement, and social media, we increasingly work with civil society through initiatives such as the ANSA-Arab World and the new Global Partnership for Social Accountability.
- But our strongest engagement has been with our government partners as we work together to establish mechanisms for enhancing transparency and open government across the MENA Region.

Open government is transformational: it changes people's expectations of and faith in their government, and it influences the way governments interact and engage with citizens. We are committed to continuing to support our partners throughout the Region as they work to bring the benefits of open government to their countries and people.

The **Open Government Partnership** is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. To become a member of OGP, participating countries must endorse a high-level Open Government Declaration; deliver a country action plan developed with public consultation, and commit to independent reporting on their progress going forward. Since 2011, OGP has grown from 8 countries to the 62 participating countries, including Jordan in MENA.



Photocredit: Arne Hoel

Public Financial Management



In collaboration with
 AFRICAN DEVELOPMENT BANK GROUP
Building today, a better Africa tomorrow

Public Financial Management in a Changing Environment

May 13-15, 2013 - Abu Dhabi, UAE



Ms. Jennifer Thompson, Chief Financial Management Officer, The World Bank

The Exchange: Public Financial Management (PFM) aimed to build financial management capacity in MENA, better equipping involved institutions in implementing governance reforms to strengthen accountability and transparency across the public sector (central and local).

These reforms are fully aligned with the World Bank's new MENA engagement framework, which promotes governance, voice, and inclusion. The Exchange PFM assisted Ministries of Finance, supreme audit institutions (SAIs), civil society organizations (CSOs), and the media in building a trusting and collaborative working relationship. Specifically, it helped create a safe space for the parties to liaise and share experiences.

The Exchange was also attended by donor representatives active in the area of PFM in MENA, academia, and other relevant stakeholders

- On May 13, the sessions focused on themes of interest to senior participants from Ministries of Finance, such as those in charge of government accounting and financial controls; supreme audit institutions; and other government agencies.
- On May 14, the program was expanded to discuss points of interest to both government participants and representatives from CSOs and media with a role in public finance oversight.
- Targeted roundtable discussions took place on May 15.

Results on several indicators, measured at the conclusion of the event, illustrate the success of The Exchange.

RESULTS	INDICATORS
81%	Participants who provided positive ratings on the quality and relevance of the event
80%	Participants reporting awareness of the value of enhanced contacts and cooperation among MoFs, SAIs, CSOs, and media
83%	Media participants reporting interest in increasing their coverage of public financial transparency matters and of SAIs' reports and recommendations
64%	Participating CSOs reporting that in future they can be more proficient in reviewing public financial transparency matters and SAIs' audit reports
87%	Participants reporting interest in membership in the CoP—Maarefah
Follow up	A number of CV MENA follow-up activities, informed by The Exchange PFM discussions, were prepared and will be delivered in the coming months.



Mr. Abdelkader Zgoulli, Secretariat General of ARABOSAI, President of the Tunisia Court of Accounts: "SAI Reforms in Times of Change"



Ms. Jean Moira Awinja Wameyo, Financial Management Manager, African Development Bank: "Opening Session"



Mr. Abdullatif Bennani, Advisor to the Cabinet of the President, Court of Accounts of Morocco



Mr. Benyoussef Saboni, Inspector General of Finance, Moroccan Ministry of Economy and Finance: "Government Financial Controls"



Ms. Bettina Michelle Jakobsen, Chair of the INTOSAI Professional Standards Committee, Assistant Auditor General of The National Audit Office of Denmark: "Professional Standards"



Mr. Einar Gorrisen, Deputy Director General, INTOSAI Development Initiative: "Capacity Development to Strengthen Value and Benefits of SAIs"



1. Register at www.maarefah.net
2. Let us know at cvmena@worldbank.org
3. Win a CONNECTING VOICES T-shirt!



Maarefah ("knowledge" in Arabic) is a community of practice (CoP) established to serve as a forum for ongoing dialogue and continuous peer-to-peer and expert knowledge exchange.

JOIN US!

(Annabell Van den Berghe,
Maarefah Coordinator and Moderator)



Interview

Interview

Vivek RAMKUMAR

Director of the International Advocacy
and Open Budget Initiative

Interview conducted by:
Ibtissam ALAOUI



"Transparency accompanied by opportunities for public participation can create an environment in which budgets are planned and implemented efficiently and equitably."

What does it take for countries in MENA to have more open and transparent budgets?

For most governments in the world, including those in the MENA region, improving budgetary transparency and supporting public engagement is not a very difficult task from a technical point of view. Our biennial Open Budget Survey finds that a large number of MENA countries are already producing budget reports, but they are not making them available to the public. So our first recommendation for governments in these countries is to simply start putting on their websites the budget reports that they produce but do not yet disclose. We also know that transparency alone is often insufficient to improve public financial management and accountability. Transparency accompanied by opportunities for public participation can create an environment in which budgets are planned and implemented efficiently and equitably. Such opportunities for participation can include, for example, public meetings organized by the government in which the government provides budget information to citizens and collects their views on budget proposals, policies, and implementation.

What benefits do countries gain from being more transparent?

Governments are under extreme pressure from internal and external stakeholders to use public resources to meet citizens' needs. In this context, governments can get many benefits from greater budget transparency. Recent research shows that transparency can enable governments to raise credit from the international financial markets at cheaper rates. It can also help improve fiscal discipline and prevent debt from ballooning out of control, as recently happened in some European countries.

It can improve efficiency, effectiveness, and equity in public expenditure and decision-making. But the most important reason for improving budgetary transparency and public participation is that it can help governments to build trust with their citizens, providing them with a voice and ensuring their dignity—all of which are essential hallmarks of today's democratic societies.

How about the Morocco experience? How can Morocco lead the way for other countries in the region?

Morocco has already taken a couple of encouraging steps to improve budgetary transparency. For example, on our Open Budget Surveys, Morocco's score doubled between 2006 and 2012 as the country made more budget reports public. The 2012 Survey found that of the 10 countries in the MENA region that were surveyed, Morocco is the only one to publish a Citizens Budget—an important step by which government can help citizens understand budgets by presenting them in easily understandable language and widely accessible formats. Morocco can still do a lot more to further improve budgetary transparency—for example, by publishing budget planning and implementation reports that shed more light on how the government is managing national resources through its budget. To take another example, the government produces a Year-End Report on actual revenues collected and expenditures made—for internal use only. The government should publish this report. It should also publish a Pre-Budget Statement to inform legislators and citizens about the overall assumptions that will guide the development of the Executive's Budget Proposal. The government can also increase the comprehensiveness of the Executive's Budget Proposal to allow more in-depth analysis on budgetary priorities.

More details on the steps that governments in 100 countries can take to improve budgetary transparency are available on our website (www.internationalbudget.org).

The Open Budget Initiative is a global research and advocacy program to promote public access to budget information and the adoption of accountable budget systems. **International Budget Partnership (IBP)** launched the initiative with the Open Budget Survey—a comprehensive analysis and survey that evaluates whether governments give the public access to budget information and opportunities to participate in the budget process at the national level. The IBP works with civil society partners in 100 countries to collect the data for the Survey. The first Open Budget Survey was released in 2006 and is conducted biennially. To easily measure the overall commitment of the countries surveyed to transparency and to allow for comparisons among countries, IBP created the Open Budget Index (OBI) from the Survey.



A wooden cabinet with plush toys on top and a blue bench in the foreground.

A blackboard featuring horizontal yellow lines for handwriting practice. Above the board, the word "الاحد" (Sunday) is written in large, stylized red and blue Arabic letters. Below the board, several small green rectangular cards are pinned, each containing a single Arabic letter for tracing practice.

$10+6$	$11+5$	$=$	$20+12$
16		$<$	$10+12$
$9+7$	$14+2$	$17 = 7 + 10$	
		$8+11 < 21$	
		$12+10 > 13+8$	

A row of bright blue wooden tables and chairs arranged in a rustic setting. The tables are simple rectangular designs with thick blue-painted legs and frames. The chairs are wooden slats with blue-painted frames. The floor is made of dark wood planks. In the background, there are white tiled walls and a doorway.

The Exchange PFM in Pictures



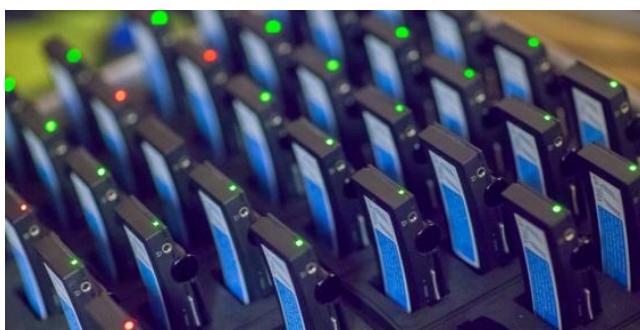
OFM Exchange Government session group



Lebanon Team: Minister of Finance, Media, Civil Society, and World Bank



Ms. Sowmya Kidambi, Social Audits, Government of Andhra Pradesh:
"Social Audits at the Community Level!"



All sessions had English, French, and Arabic interpretation and when the interpreter falls sick the Region's FM Manager does the interpretation instead.



FYI

Extractive Industries Transparency Initiative (EITI)

KEY FACTS

Launched in 2003, the Extractive Industries Transparency Initiative (EITI) promotes and supports improved governance and transparency in resource-rich countries by ensuring companies publish what they pay and governments publish what they receive in an EITI report.

39 countries

around the globe have joined EITI – which requires full disclosure of taxes, royalties and other fees from a country's oil, gas and mining sectors. About half of the countries are in Africa with Iraq and Yemen from MENA.

Transparency

in extractive industries is fundamental to ensuring that the benefits of a country's natural resources can help developing nations in their quest to reduce poverty and boost shared prosperity.

The World Bank

provides countries with technical assistance and grants to implement EITI principles of transparency and accountability.

CVMENA: From your experience in supporting SAIs, what would you say are the key challenges SAIs face today?

Mona: There is no doubt that the SAI is a key player in a country's public financial management system, providing comfort to parliaments, citizens, and others that the government is managing their finances well. The reality in many countries is that SAIs lack the independence, authority, skills, and resources to carry out thorough audits and to report the results freely and in a timely way. But during the last few years, there has been high demand for greater accountability, especially from such unconventional parties as citizens, the media, and civil society organizations. The power of the people has never been stronger than it is today in MENA, and there is huge pressure on the region's SAIs to step up to the challenge and work on strengthening their value in improving people's lives. The complexity becomes greater when the government is far behind in terms of strategic planning, performance or results-oriented budgeting, accounting and reporting, and transparency.

CVMENA: What are the key challenges facing development partners that are interested in helping SAIs?

Mona: The main challenge continues to be sustainability! Is the capacity that has been or is to be developed sustainable? How to ensure that the advances made are not lost or even reversed after the cooperation ends? How to ensure that the knowledge gained is absorbed and systematically assimilated by the SAI? How to ensure a minimal gap is minimal between the methodology adopted and the audit as practiced? Questions like these are usually related to how ready the SAI is to change and how aware it is of the critical need to get its house in order, define its priorities, complement its staff skills with additional expertise, improve its communications strategy, and protect its credibility and relevance.

CVMENA: What advice would you give your colleagues from the Bank or other development partners when planning to support SAIs' institutional capacity building?

Mona: SAIs' ownership and management, leadership, commitment, and flexibility are definitely ingredients for successful operations. In addition to guaranteeing all of that, I advise them to collaborate with INTOSAI, the regional professional bodies, and other development partners to ensure complementarity of resources and programs. I would also advise them to target both the SAIs' organizational capacity (planning, monitoring and evaluation, etc.) and their professional audit capacity, and not to forget the capacity of the SAI to deal with the external environment. Always start with an assessment (or use a current available assessment) to measure performance; and when enhancing audit methodologies, ensure that pilot audits are conducted, audit manuals are revised, and a structured program of training is maintained.



Mona EL CHAMI

Sr. Financial Management Specialist
MENA, World Bank

The **International Organisation of Supreme Audit Institutions (INTOSAI)** operates as an umbrella organisation for the external government audit community. For more than 50 years it has provided an institutionalised framework for supreme audit institutions to promote development and transfer of knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member SAIs in their respective countries. INTOSAI is an autonomous, independent and non-political organisation. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

Financial Management Tools

SAI Performance

Measurement Framework:

New Tool for More Effective Government Auditing



Presented by
Yngvild ARNESEN
Financial Management Specialist
MENA, The World Bank

The International Organisation of Supreme Audit Institutions (INTOSAI) has developed a new tool to enable supreme audit institutions (SAIs) to better measure, manage, monitor, and report on their performance—the SAI Performance Measurement Framework (SAI PMF).

The SAI PMF enables SAIs to evaluate their audit methodology and institutional framework. It helps them identify how they can improve their performance and thus make an even stronger contribution to the stewardship of public funds and good governance. While taking the country context and public financial management environment into consideration, the SAI PMF benchmarks the SAI's practices against the key principles of the International Standards of Supreme Audit Institutions. The SAI PMF may be used for self-assessment, external evaluation, or peer review.

Positive first experiences

Following broad consultation, an official pilot version of the SAI PMF was presented at the INTOSAI Congress in Beijing in October 2013. Over 20 SAIs around the world are now planning or conducting assessments using the new tool, and the first experiences have been positive.

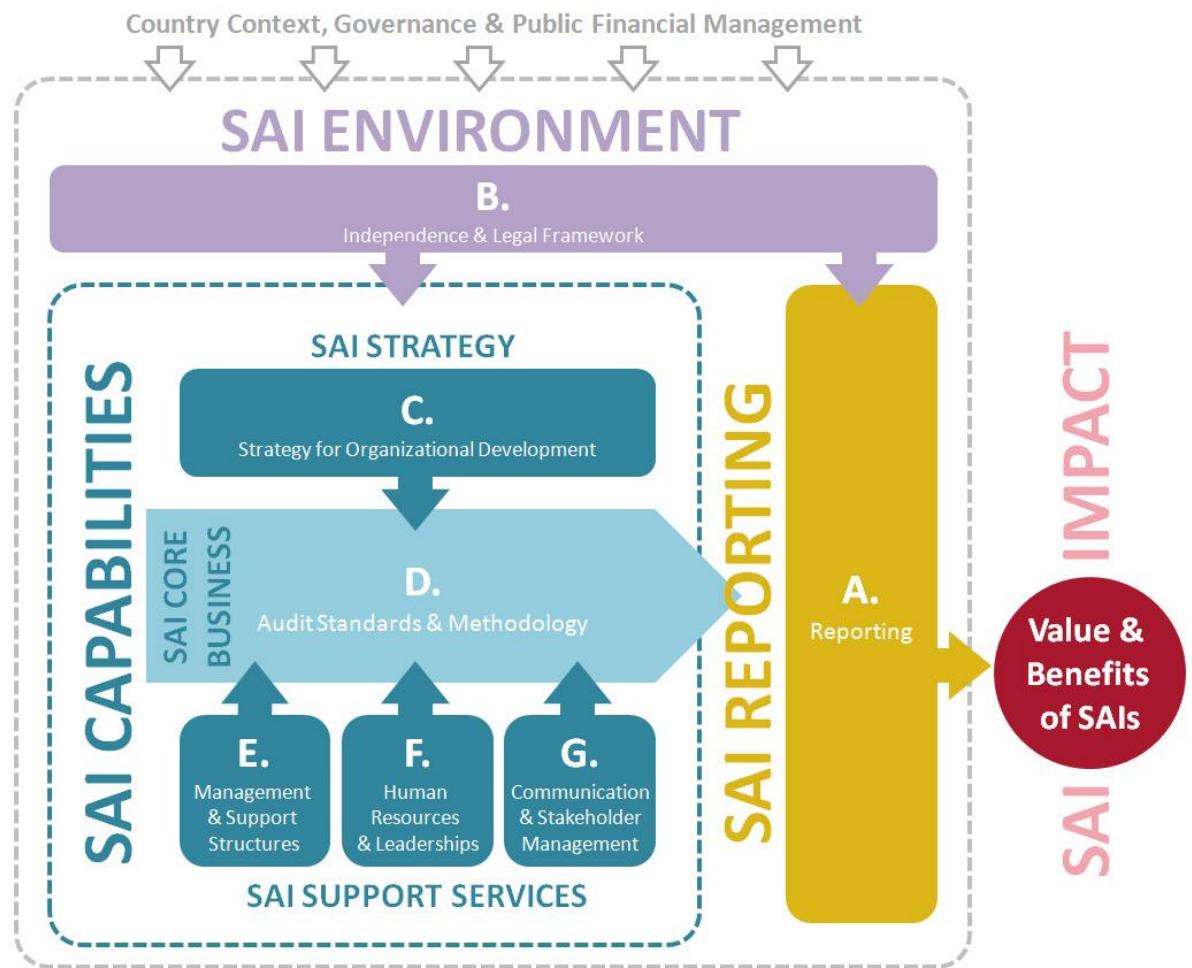
The Court of Accounts of Djibouti was among the first to complete an assessment. The exercise helped the Court refine its development objectives and attract donor support. The Supreme Audit and Administrative Control Bureau of the Palestinian Authorities is planning an assessment in cooperation with the World Bank and a peer SAI. Further assessments are planned in Europe, Asia, Africa, and Latin America, and the World Bank supports several of them.

Worldwide training on the tool

A network of experts qualified to use the SAI PMF is being established through training courses run by the INTOSAI Development Initiative. So far around 200 assessors have been trained, including a number from the World Bank. Courses were held in Tunisia and Morocco in 2013, and the first course in Arabic is planned for early 2014. The target audience is SAI employees, staff of donor organizations, and consultants.

The **INTOSAI Development Institute (IDI)** is a non-profit organization that aims to enhance the institutional capacity of Supreme Audit Institutions in developing countries through needs-based, collaborative and sustainable development programs in INTOSAI regions and groups of SAIs to meet the existing and emerging needs of stakeholders. Since 2010, the IDI is also the secretariat for the INTOSAI-Donor Cooperation.

The structure of the SAI PMF



Performance in domains A to G is measured through 24 indicators:

Domain A	Domain D	Domain E
SAI-1 Financial Audit Results	SAI-9 Overall Audit Planning and Quality Management	SAI-18 Ethics, Management and Internal Control
SAI-2 Compliance Audit Results	SAI-10 Quality Assurance of Audit Processes	SAI-19 Asset Management and Support Services
SAI-3 Performance Audit Results	SAI-11 Financial Audit Foundations	
SAI-4 Judgment Results - Additional indicator for Courts of Accounts	SAI-12 Financial Audit Process	SAI-20 Human Resource Leadership and Function
SAI-5 Annual Report & Other Reports	SAI-13 Compliance Audit Foundations	SAI-21 Professional Development and Training
Domain B	SAI-14 Compliance Audit Process	
SAI-6 Independence of the SAI	SAI-15 Performance Audit Foundations	Domain F
SAI-7 Mandate of the SAI	SAI-16 Performance Audit Process	SAI-22 Communications Strategy and Internal Communication
Domain C	SAI-17 Judgment Process - Additional indicator for Courts of Accounts	SAI-23 Communication with the Legislature, Judiciary and Executive
SAI-8 Strategy for Organizational Development		SAI-24 Communication with the Media, Citizens and Civil Society Organizations

More information on the SAI PMF is available at www.idi.no.

PFM Events

BOOT CAMP

“Control, Audit, and Inspection”

April 22-24, 2013 – Beirut, Lebanon



Objective: to offer a platform to (a) share knowledge and discuss good practice regarding control, audit, inspection, and investigation in the public sector, while drawing on international and regional experiences and appropriate standards and guidelines; (b) convene the accountability institutions in Iraq, Jordan, Lebanon, and Morocco; and (c) discuss country-specific challenges, opportunities, and the way forward.

Participants: 42 senior government officials; 5 experts from Morocco, Poland, and Lebanon; and an expert from Canada who delivered the training. Four Solutions Papers (one for each country and one for KRG-Iraq) were developed to document the discussions, the issues raised, and the possible solutions explored. Key points concluded:

1. All countries are in the early stages of developing internal control and audit capabilities; three are considering or implementing legislative changes.
2. Internal controls are generally considered to be overlapping and weak.
3. Internal audit is weak and requires attention.
4. The modern concepts of internal control and the role of internal audit continue to be poorly understood.
5. External audit is somewhat more developed than internal audit.
6. Integrated financial management information system implementation is under way in half of the countries.
7. Capacity development is needed for all components of the internal control and internal and external audit system.
8. Donor-sponsored reforms are under way and/or planned in all four countries.

BOOT CAMP

“International Standards for Supreme Audit Institutions”

April 28-30, 2013 – Cairo, Egypt



Objective: to expose key staff of the Central Auditing Organization of Egypt (CAO) to current information about international standards and good practices for supreme audit institutions (SAIs) and experiences from other countries with revising SAI legal frameworks.

Participants: international experts; CAO auditors, accountants, and managers; counselors from the Egyptian Ministry of Justice; members of the Egyptian Shura council (legislation committee); representatives from the SAIs of Poland and Sweden.

The discussion covered several aspects of the CAO including:

- Legislative framework;
- Independence, mandate, scope of work, accountability, and powers;
- Scope of audits, process of transparency
- Staff development

Means of cooperation among CAO, Parliament, and the legislation department of the Ministry of Justice were also explored.

Presentations by international experts were delivered in modules focusing on the following areas:

- ISSAI (International Standards for SAIs);
- SAI Professional standards and Human Resource development;
- Financial and compliance audits;
- Performance audits and assurance work;
- Implementation and follow-up of audit findings;
- Audit reporting and transparency;
- SAI financial independence and administration;
- SAI mandate, strategy, and scope of work; and
- SAI legal and regulatory framework,

A consensus was reached on the importance of applying ISSAIs in CAO.

Solutions Lab

Challenges and Opportunities of Adopting and Implementing IPSAS

December 11-12, 2013

Location: Videoconference rooms of the World Bank offices in Morocco, Tunisia, Egypt, Yemen, Djibouti, Jordan, Lebanon, Iraq, Palestinian Territories, and Washington, DC; led by World Bank financial management specialists and an IPSAS expert

Audience: 70 participants from MOF (and other public institutions) of the 9 countries

This Solutions Lab will discuss the status of IPSAS adoption and implementation in 9 of the MENA countries, expose the participants to good practices of being compliant with IPSAS, and have a conversation regarding the challenges and opportunities of both adoption and implementation.

Solutions Lab on Cooperative Audits

December 11-12, 2013

Location: Cairo, Egypt, with video conference connections with experts from the Supreme Audit Institutions of Brazil and Poland

Audience: 15 participants from the Central Auditing Organization of Egypt (CAO) and the ARABOSAI.

The Solutions Lab will be a targeted discussion on CAO's plans for cooperative audits with other Supreme Audit Institutions (SAIs). Cooperative audits can be an effective tool for enhanced learning between SAIs. The virtual format will enable CAO to draw on the experiences of the SAIs with the widest experiences in the field.

Solutions Paper

Opportunities for regional collaboration among SAIs, CSOs, and Media in MENA

December 2013

Countries: Morocco, Tunisia, Egypt, Yemen, Djibouti, Jordan, Lebanon, Iraq, Palestinian Territories

The World Bank is financing a study to guide the regional collaboration between SAIs, civil society organizations (CSOs), and media in nine MENA countries. The study would survey representatives of 70 CSOs and media about their knowledge of and work with SAIs and 21 universities, businesses, and professional bodies. A Solutions Paper will be produced with survey results and recommendations to guide regional collaboration among SAIs, CSOs, and media.

Boot Camps

SAI Interaction with Stakeholders

Central Auditing Organization of Egypt, Cairo, 24-25 November 2013

The Boot Camp will bring together officials from the Central Auditing Organization of Egypt to discuss interacting with stakeholders. SAIs make significant contributions to their societies by bringing accountability, integrity, and transparency to government activities. These contributions are maximized when the SAIs are able to communicate the value of their role and the results of their work to citizens and other stakeholders in an effective manner. By publicizing their contributions and the results of their work, SAIs can stimulate understanding and support and catalyze improvement in government.

However, SAIs need to take many concerns into account when they communicate with the public—for example, the country context, the legal framework, and the generally sensitive nature of SAIs' work. Answers to the questions of transparency are not straightforward. The Boot Camp will therefore give participants room for reflection and provide an opportunity to discuss concrete situations and challenges with international experts and learn from examples from other countries.

SAIs' Legal Frameworks: Foundations for Effective Government Auditing

Central Agency of Control and Auditing of Yemen (COCA), Cairo, November 26-27, 2013

If SAIs are to carry out their functions effectively, certain conditions—defined by INTOSAI in its International Standards of Supreme Audit Institutions (ISSAIs)—need to be in place: independence from the executive, SAI transparency and accountability, and professional audit practices. Appropriate legal frameworks provide a strong foundation for the SAI's objective oversight of the executive's use of public resources. However, the SAI is not usually in a position to decide its own legal framework, and sometimes SAIs experience legal constraints on their ability to function effectively.

This Boot Camp will introduce key COCA staff to international good practices in SAI legal frameworks, with presentations on such key issues for SAIs as independence, transparency, and accountability. The format of the event will be interactive, with a large degree of discussion and interaction between the participants and the experts.

Vision



Gerard BYAM

Director, Strategy and Operations
MENA, World Bank

Strategic Directions for a Region in Transition

The Arab Spring ushered in a historic period of social, political, and economic transformation in the Middle East and North Africa (MENA) region—the effects of which continue to reverberate throughout the region and the wider world. The Arab Spring's powerful demand for democracy and voice opened unprecedented opportunities for disrupting a system of privilege and moving toward a new and more inclusive model of development.

Two years on, however, transition countries remain in deep political and economic crises. Social tensions have risen markedly, and in some places violence has erupted. The struggle for legitimacy and identity, for greater social trust and transparency, for more open political systems and durable governance institutions with popular support has taken place against a backdrop of declining living standards—which is severely undermining that very struggle. Economic growth has been too low to meet rising expectations. And unemployment has actually risen instead of falling, while public services and private investment have declined. Economic reform has generally been slow and tentative in responding to these challenges. In effect, transition economies have been shocked—from within by political developments, and from without by the Eurozone crisis and volatile oil prices.

As World Bank President Jim Yong Kim noted in his recent address before the 2013 World Bank-IMF Annual Meetings, the aftermath of the Arab Spring has left many of the MENA countries with a triple challenge: (a) restoring macroeconomic stability; (b) reforming the economy to meet the high expectations of the people who marched in the streets; and (c) managing the transition to new constitutions and more open, contested, multiparty elections. These challenges would be daunting for any one country. The fact that they all have to be met in one region, with possibilities for spillover effects across countries should things go wrong (as we are seeing in Syria), makes it all the more important that the international community marshall its resources to support the brave men and women who risked their lives to demand the basic human dignity that is their due.

In response to the challenging transition in the region, the World Bank Group has developed a new framework for engagement. Along with listening to new governments and building programs of support that meet their specific development goals, the Bank has also expanded its consultations to include a broad range of stakeholders in civil society whose voices were less accessible under earlier regimes. Building on the demands of the Arab Spring and the reform efforts that are under way, the **new regional strategy** is based on **four main pillars** (see figure 1):

- **Strengthen Governance** through transparency and accountability measures to help create responsive states that are held accountable for their actions.
- **Increasing Social and Economic Inclusion** of disadvantaged groups (e.g., women and minority groups) through economic measures and enhanced voice and participation.
- **Creating Jobs**, including for youth and women, by providing an enabling environment for opportunity, competition, innovation, and entrepreneurship.
- **Accelerating Sustainable Growth** through short- and long-term policy actions promoting climate-friendly growth to manage stresses on natural resources.

These four strategic priorities are complemented with a focus on the cross-cutting themes of **Gender**, **Regional Integration**, and fostering a **Competitive Private Sector**. Work on these pillars and themes will contribute to the World Bank Group's twin goals of eradicating extreme poverty and boosting shared prosperity.

To implement these strategic priorities, the World Bank intends to scale up its support to the region in this very critical period of its transition. World Bank lending in MENA increased by over 33% between fiscal years 2012 and 2013. We have further utilized our convening power to funnel more resources from the international community to the region. For example, we worked with donors to raise nearly \$8 billion in support of Yemen's recovery, and with the Deauville Partnership we established a Transition Fund that has already committed just over \$100 million in grant resources to help countries implement key economic reforms. Moreover, the Bank has an active engagement in Jordan and Lebanon and has stepped forward to respond to the spillover from the Syria conflict in these countries.

Moving ahead, we need to help countries attract greater private investment for infrastructure, agriculture, and food security. We need to provide budget support to encourage pro-growth structural reforms and enhance the effectiveness of public investment; and we need to help countries establish economic and social programs that enhance the quality of public services, create jobs, and improve livelihoods. Bank supported programs will also include mechanisms to enable citizens to provide feedback on whether the objectives of the programs are being attained.

The challenges MENA faces today are many. But so are the opportunities. The international community must marshall its resources in response. Now is the time for action. And with this resolve, the World Bank will harness its energy and resources to support the regional priorities of creating jobs and supporting sustainable growth, while at the same time promoting better governance and greater social inclusion.

Figure 1. World Bank's Strategic Pillars in MENA Region





Photocredit: Arne Hoel

Corporate Financial Reporting



In collaboration with



Strengthening Accountancy as a Foundation for MSME Sector Growth and Job Creation

June 18-20, 2013 – Dead Sea, Amman, Jordan



The Exchange covered three different, yet interrelated, topics: the development of micro, small, and medium enterprises (MSMEs), accountancy, and job creation. It explored the need for strong accountancy to underpin MSME development and access to finance, with a view to aiding this sector of the economy in contributing to job creation. As the countries of the MENA region seek ways to provide both social and economic opportunities for their citizens, The Exchange was designed to bring together high-level policymakers, academics, the accountancy profession, civil society organizations, and others to discuss working together to achieve this objective.

The Exchange included 140 participants from around the world, including 108 participants from the region, who came to Amman to share their experiences and learn from fellow speakers and attendees. These participants represented roughly 83 different regional organizations, including the Egyptian Fund for Social Development, the Ministry of Finance of Iraq, the Palestinian Investment Fund, and the Pan-African Federation of Accountants.

The Exchange supported the strengthening of MSMEs' corporate financial reporting framework with the objective of enhancing their ability to access finance and to strike the balance between improved financial information and lessening the regulatory burden. Participants shared experiences and knowledge to enhance countries' legal frameworks to promote inclusive growth. Sessions promoted best practice regulation of MSMEs and discussed applied accounting standards and alignment with the tax legislation. The Exchange also supported building the capacity of MSMEs and accounting practitioners in the areas of accounting, reporting, and auditing.

Key Proposed Results and Framework for Monitoring and Evaluation

Intended Results	Indicators	Achievement
Policy/strategy informed	<ul style="list-style-type: none">• Government policy/strategy informed• Public debate stimulated/initiated• Contributed to stakeholder involvement	<p>YES – Roundtable-style sessions offered opportunities for discussion stimulation, stakeholder involvement and reflection on strategy. Participants were very pleased with the format of the event and its use of roundtable discussion (90% satisfaction).</p>
Knowledge deepened	<p>Facilitate exchange of best practice with countries</p> <p>Countries share their own successful practices</p>	<p>YES - Inclusion of high-level speakers from around the world offered opportunities for exchange and sharing of country experiences and practices. 80% of attendees surveyed felt that the event was of high quality and of direct relevance to their work.</p>
Innovation approached and solutions	<p>Community of Practice operationalized</p> <p>Future Boot Camps and Solutions Lab design informed</p>	<p>YES – Community of Practice was incorporated into agenda, and discussions and comments helped to inform the design of future activities. 92 % of event attendees were satisfied with the incorporation of Maarefah CoP in the event activities.</p>
Capacity of the profession strengthened	<p>Capacity increase of small and medium practices</p> <p>Increased application for IFRS for SMEs.</p>	<p>YES – Inclusion of IFRS for SMEs training workshop allowed participants to increase capacity and degree of application of these standards.</p>



Ms. Joelle Le Vourc'h, ESCP Business School Europe: "Accountancy Education, Certification and CPD – the Key to Strong Financial Information and Growth"



Mr. Hatem Kawasmy- Chairman, Jordanian Association of CPAs: "From ROSC AA to Reform"



Mr. Paul Hurks, NBA Netherlands Professional Organization of Accountants, and Dr. Saad Al-Sabti, Quality Assurance Expert, Saudi Organization of CPAs: "Furthering the Quality of MSME Financial Information through Sound Systems of Quality Assurance"



Mr. Hasan Abdel Jabar, Advisor to the Minister, Director of Aid Coordination Unit (ACU), Ministry of National Economy, Palestine: "Conclusion"



Mr. Michael Wells, Director of International Financial Reporting Standards (IFRS) Education Initiative, IFRS Foundation: "IFRS for SMEs - Navigating Implementation"



Ms. Laurie Gillow, Association of Accounting Technicians: "Building Accounting and Financial Skills Necessary for MSME Growth"

Our Partners: MSME Facility

Micro, Small and Medium Enterprise Trust Fund for the Middle-East and North Africa Region



The MENA MSME Facility comes under the umbrella of the Arab World Initiative (AWI). It is supported by two trust funds, one managed by the IFC, and another managed by the World Bank.

The activities covered by the trust fund are expected to contribute to a sustainable improvement in inclusive (region, gender, youth) MSME development in the MENA region through improving the business environment, building the capacity of financial institutions and enhancing the capacity of MSMEs. This will ultimately contribute to job creation, poverty reduction and overall inclusive economic growth.

Interview



Interview

Sahar NASR

Lead Economist, World Bank

Finance and Private Sector Development Department, MENA

“Strong accounting is integral to the development of the MSME sector.”

CV MENA: Why is the development of accountancy so important to the furtherance of the MSME development agenda?

Sahar: One of the main constraints to MSMEs' access to credit is the lack of audited financial statements: almost 70 percent of banks cite lack of transparency as an important obstacle to SMEs' access to credit. Thus MSMEs with well prepared and audited financial statements are better able to communicate their financial position and access finance. Additionally, their owners have better information on which to base business expansion and development decisions. Finally, MSMEs with a strong accounting function are better able to allocate resources toward more profitable business lines, and appropriately undertake make or buy decisions.

CV MENA: What is the biggest challenge you feel is facing MSME accounting and financial reporting?

Sahar: The biggest challenge is awareness—awareness among MSMEs, stakeholders, and policymakers of the value of financial accounting and reporting to their business and to its long-term growth and success. Another big challenge is lack of knowledge about how to conduct adequate financial management and prepare financial statements: World Bank surveys show that between 20 and 40 percent of firms in most developing regions identify the lack of appropriate skills as a major constraint to development.

CV MENA: Are there any other key issues/challenges that you feel stifle MSME accounting and financial reporting?

Sahar: Many of the challenges facing MSME accounting and financial reporting are related to the overall challenges facing MSMEs more generally—for example, legislation that does not take into account the unique nature of MSMEs adds burdens to these entities when it should be nurturing them and enabling them to grow and develop. Business education (whether on accounting or, more generally, on business management) may not be available to MSME owners and not suited to their needs.

CV MENA: What do you see as the value of such events as the Connecting Voices MENA Exchange Conference?

Sahar: By helping to raise awareness of the issue of MSME accounting and financial reporting, The Exchange is a direct way to combat the important challenge we just discussed—lack of awareness of the importance and value of this aspect of MSME development. I also see an opportunity to bring together stakeholders and key policymakers who can affect their country environments to launch partnerships that will better nurture the growth of these emerging enterprises.

CV MENA: This year's Exchange event included a session on the development of bases of accounting tailored to the needs of microentities. What value did you see in this for MSME development overall?

Sahar: In the MENA region micro-enterprises account for the majority of jobs. For example, in Egypt, more than 98 percent of enterprises are micro-enterprises, and they generate more than 85 percent of employment in nonagricultural sectors and 40 percent of total employment. Developing the microfinance sector is also critical for gender mainstreaming, since women dominate the sector. For example, in Jordan, women account for 71 percent of all microfinance clients. Hence, developing the bases of accounting tailored to the needs of microenterprises will have a positive impact on their performance, and more importantly, their access to finance.

CV MENA: Looking ahead to the 2014 Exchange—what are some topics/issues related to MSME accountancy and financial reporting that you would like to see addressed?

Sahar: I believe it would be important for regulatory and supervisory bodies that regulate financial institutions, including non-bank financial institutions (NBFI), to participate in next year's event. This is because one of the main issues that needs to be discussed is the regulatory framework that governs the MSME sector. The inclusion of the regulatory and supervisory bodies and NBFI will facilitate the exchange of information and knowledge sharing about the new updates in the regulatory framework and the sectors. It will also enable the main sector players to discuss and resolve hurdles.

CV MENA: Beyond the 2014 Exchange, how else might MNAFM cooperate with FPD on the development of MSME accounting?

Sahar: Areas where I see potential future cooperation would be through the Regional MENA MSME Facility, which has three pillars—a more enabling environment, advisory services to financial institutions, and support and training to MSMEs—in all of which MNAFM can play an important role. Another good possibility is cooperation in Egypt, Jordan, Tunisia, and Morocco through lines of credit, which can be used to leverage quality reforms. There has been previous success in this area: under an ongoing operation in Egypt, the SFD (the apex institution managing the loan) benefited from capacity building in improving its internal control procedures, including updating the FM Manual and the internal audit risk-based approach strategy. Furthermore, by requiring the SFD to disclose its financial statements, the project strengthened the SFD's governance structure through enhanced transparency and accountability.



Photocredit: Arne Hoel

The Exchange CFR in Pictures



The Exchange group picture



Ms. Allyson Jerab, AMIDEAST:
"Enhancing Women Entrepreneurs' Capacity in Accountancy"



Representatives of the Exchange Conference Morocco delegation

FYI KEY FACTS

The International Federation of Accountants (IFAC)

IFAC was founded on October 7, 1977, in Munich, Germany, at the 11th World Congress of Accountants.

IFAC is comprised of 179 members and associates in 130 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.

IFAC was established to strengthen the worldwide accountancy profession in the public interest by:

- Developing high-quality international standards in auditing and assurance, public sector accounting, ethics, and education for professional accountants and supporting their adoption and use;
- Facilitating collaboration and cooperation among its member bodies;
- Collaborating and cooperating with other international organizations; and
- Serving as the international spokesperson for the accountancy profession.

Meet Gabriella

Gabriella became involved in international development quite by accident. As a recent graduate of the University of Dayton, Gabriella participated in a summer service program that placed her in rural El Salvador assisting a small women's cooperative, MIBERLIM. The objective of this summer was to support MIBERLIM in strengthening their accounts to prepare them for receiving small grants from local and national governments. What resulted was a change in her life's direction. Since that summer in Berlin, el Salvador, Gabriella has been active in the field of financial sector development.

- 2005-2007 Consultant for the World Bank, Accounting and Auditing Report on the Observance of Standards and Codes (AA-ROSC) Program for the Europe and Central Asia region.
- 2007-2010 Management of international financial reform projects at the CARANA Corporation, a USAID contractor firm specializing in economic development.
- 2010-2012 Senior Technical Manager for the Member Body Development Team at the International Federation of Accountants (IFAC) responsible for (a) facilitating the development and strengthening of Professional Accountancy Organizations (PAOs) in Southeastern Europe and Middle East / North Africa, and (b) supporting the IFAC and international donor community *Memo-randum of Understanding to Strengthen Accountancy and Improve Collaboration* (MOSAIC).
- 2012-2013 Supporting the development of the corporate financial reporting agenda throughout the MENA region with the World Bank MNAFM Unit.
- Certified Public Accountant (US CPA) licensed in the state of Virginia
- MBA and Master's in International Policy and Development (MPP)
- Languages: English and Spanish; also, pursuing a certificate in Arabic Language and Cultures

Gabriella notes that her passion for accounting reform and development is, to put it mildly, rather unusual—"People always seem surprised when I tell them the reason I travel to countries all over the world and work with such a variety of organizations and stakeholders is accounting reform." But that doesn't get Gabriella down: "The message we need to bring to our development partners—Ministries of Finance, SAs, PAOs, accounting firms—is that accountancy reform and development is important."



Gabriella KUSZ

Sr. Financial Management Specialist
MENA, The World Bank

"Accounting is the global language of business—it is one of the most important ways in which a company or government can communicate its health, its challenges, and its aspirations. It is the information upon which investors make decisions, citizens evaluate the accountability of their governments, and businesses seek finance and development." Gabriella is quick to note that "accounting and accounting reform is not just about the numbers: it is about facilitating economic growth and social progress—and therein lies the real value (no pun intended)."

In Their Own Words

Mr. Abdulkareem Ahmed AIZAROUNI
Vice-Chairman of the Board of Directors
GCC Accounting & Auditing Organization, UAE

"The Exchange is actually in line with our strategy to help the SME sector by developing the accounting profession, and it will help the SMEs to play their role in our economy."



Financial Management Tools

The Reports on the Observance of Standards and Codes Accounting and Auditing (ROSC A&A)

The **Reports on the Observance of Standards and Codes (ROSC)** Initiative is a joint World Bank/IMF program developed in the wake of the financial crises of the late 1990s to strengthen the international financial architecture. The initiative includes 12 modules that focus on standards and codes areas, including accounting and auditing, which are key to a country's risk assessment and economic framework. The global financial community considers the use of internationally recognized standards and codes necessary to provide a framework to strengthen domestic institutions, identify potential vulnerabilities, and improve transparency. Ultimately the ROSC Initiative aims to enhance countries' resilience to shocks, support their risk assessment, and strengthen important pillars of the market economic system. It contributes to greater national and international financial stability by reviewing standards and codes in three main categories—policy transparency, financial sector regulation and supervision, and market integrity.

The Report on the Observance of Standards and Codes—Accounting and Auditing (ROSC A&A) aims to assist member countries in strengthening the quality of corporate financial reporting (CFR) through improved accounting and auditing. The program has two objectives:

- (a) Compare national accounting and auditing standards and practices against International Financial Reporting Standards (IFRS) and International Standards of Auditing (ISA) and analyze the strengths and weaknesses of the institutions that underpin the development and enforcement of these standards. The ROSC A&A review assesses the infrastructure for CFR, including accounting and auditing requirements and practices, and makes policy recommendations to improve and reform that infrastructure.
- (b) Assist the country in developing and implementing a country action plan for improving institutional capacity and strengthening the country's CFR regime.

The ROSC A&A review, therefore, is concerned with the adoption and implementation of IFRS and ISA, as well as with the legal, organizational, regulatory, and capacity factors that affect implementation. Each report follows a standard structure, concluding with a set of policy recommendations that provide the basis for policy dialogue with the country authorities and other stakeholders, and inform the World Bank and IMF in developing assistance priorities and operations. Since the ROSC A&A reports are generally published, they also inform market participants and other stakeholders of the state of CFR in the country.



Presented by

Riham HUSSEIN

Financial Management Specialist
MENA, The World Bank

The World Bank's Financial Management (FM) Sector completed 120 ROSC-AA reviews for 100 countries worldwide between 2002 and 2013. In MENA we completed 8 ROSC-AA reports—in Morocco, Egypt, Lebanon, Jordan, Palestinian Territories, Tunisia, Yemen, and Algeria.

In 2011 the World Bank conducted a study, based on the completed ROSC A&A reports and action plans, to assess the lessons learned and future directions of the ROSC A&A. The study concluded that the program has successfully met its objective of providing analysis, information, and knowledge on the institutional framework for and practice of CFR in an expanding number of countries. More specifically, the study highlighted the following:

- The ROSC A&A program has created substantial knowledge for multiple stakeholders across all Regions regarding CFR, a key element of the financial architecture.
- The ROSC A&A is a well-established and well-regarded diagnostic and monitoring tool. It provides the framework for consistent, standardized assessment of the accounting and auditing infrastructure, and the reports provide structured recommendations for country action plans.
- Implementation of the ROSC A&A recommendations is accelerating, within the available resources, reflecting a shift in the balance between diagnosis and implementation, with notable success stories. At the same time, follow-up to the ROSC A&A reviews and the extent to which review recommendations have been implemented have varied across countries.

This summary of the ROSC-AA program is based on the study "ROSC-AA – Lessons Learned and Future Directions" (6/2011)

Solutions Lab

Adoption and Implementation of ISA for SMPs: Lessons Learned, Experiences Shared

Dec 9: Session #1 Arabic language (Jordan, Palestine, Lebanon, Egypt, Yemen, Iraq)—December 9, 2013.

Dec 10: Session #2 French/Arabic language (Djibouti, Morocco, Tunisia)—December 10, 2013.

Location: Videoconference rooms of the World Bank offices in participating countries and Washington, DC; led by World Bank financial management specialists.

Participants: representatives from (a) professional accountancy organization (PAOs) s; (b) Ministry of Finance or ministry responsible for accounting and auditing activities; (c) SME nongovernmental organizations; and (d) SMP audit firms.

This Solutions Lab will offer an opportunity for both Arabic- and French-speaking countries to explore the adoption and implementation of ISA, in particular by Small and Medium Practitioners (SMPs). Designed in response to feedback received from *The Exchange: Strengthening Accountancy as a Foundation for MSME Sector Growth and Job Creation*, this Solutions Lab seeks to provide additional guidance and assistance to support the further development of SMPs. Sessions will focus on countries' experiences in adopting and implementing ISA, particular actions taken by country governments and PAOs to building SMPs' capacity in these standards; and discussion on lessons learned and best practices.

Solutions Paper

Collection and Analysis of Data on the Challenges, Emerging Issues, and Areas for Support for MENA Region SMP Firms

November 15 - December 31, 2013

Location: Egypt, Lebanon, Jordan, Palestine, Morocco, Tunisia

With the aim of giving practitioners who operate in small- and medium-sized practices (SMPs) around the world an opportunity to express their views about important trends and developments that affect them and their clients, in January 2011 the International Federation of Accountants (IFAC) SMP Committee launched the IFAC SMP Quick Poll. The poll runs semi-annually and is published online. This year, in response to the low levels of participation by MENA region SMPs and the relatively few resources available on MENA region SMP needs, challenges, and emerging issues, CV MENA will work in coordination with the SMP Committee of IFAC to undertake a formal "launch" of the poll in the region. CV MENA consultants will provide an overview of CV MENA and explain why such Quick Poll information is important for understanding SMP growth, financial sector development, and the link between SMPs and their SME clients. By providing on-location presentations and survey polling stations, CV MENA consultants will work to encourage increased SMP participation in the Quick Poll and increase data on MENA region SMPs. Following the close of the poll and collection of MENA region data, a summary report will be produced that is expected to provide CV MENA with strong data and analysis on this area of the profession and guide its future SMP-oriented activities. This data collection and research initiative has been designed in response to feedback received from *The Exchange: Strengthening Accountancy as a Foundation for MSME Sector Growth and Job Creation*, which identified the need for further study and recommendations on how CV MENA may best provide targeted support.

Boot Camps

Supporting the Development of the Accounting and Auditing Profession in Yemen

October 2-3, 2013

Location: Yemeni Association of Certified Public Accountants (YACPA) Headquarters Training Centre, Sana'a.

Participants: Representatives of the Central Bank of Yemen, COCA, the Ministry of Industry and Trade, the Ministry of Higher Education and Scientific Research, Deloitte, KPMG, Grant Thornton, the Association of Chartered Certified Accountants (ACCA), Sana'a University, Taiz University, local audit firms, SMEs, and others.

This Boot Camp seeks to bring together over 60 representatives from both the public and private sectors to discuss (a) the importance of corporate financial reporting and PAOs such as YACPA, and (b) the role YACPA can play in creating jobs, enhancing the economy, and contributing to good government, and to work together to develop a Strategic Action Plan to guide YACPA in its development inline with international standards and good practices.

Strengthening Yemen's Legal Framework: Standards Adoption and Clarification

December 15-17, 2013

Location: Yemeni Association of Certified Public Accountants (YACPA) Headquarters Training Centre, Sana'a.

This workshop on strengthening the legal embodiment of the international standards (ISA/IFRS) in Yemen will be led by YACPA/World Bank and will be structured as a follow-up to the October 2013 Boot Camp on the legal adoption of the ISA and IFRS. This workshop will offer participants an opportunity to work with International Federation of Accountants (IFAC) Professional Accountancy Organization Development Committee (PAODC) and World Bank representatives to drill down further and develop an approach for overcoming this challenge.

Support to the Development of the Lebanese Association of Certified Public Accountants (LACPA) System of Quality Assurance and Enhancement of SMP Firm Quality Control

December 12-13, 2013

Location: Beirut, Lebanon.

This Boot Camp will offer an opportunity for learning and engaging on the subject of the IFAC revised Statements of Membership Obligations (SMOs)—in particular on the role and key structural components of a system of quality assurance. The Boot Camp will explain the key changes in SMO 1, which covers Quality Assurance; examine the success factors and challenges in the development of such a system; and offer practical advice and guidance to LACPA as the organization continues to make decisions regarding the development and operation of a system of quality assurance in Lebanon—with special focus on encouraging enhanced of quality in the provision of services by SMPs. A presentation by the Délégation Internationale pour l'Audit et la Comptabilité will offer insight into various models for quality assurance reforms and lessons learned that may be transferrable to the Lebanese context. This Boot Camp has been designed in response to feedback received from *The Exchange: Strengthening Accountancy as a Foundation for MSME Sector Growth and Job Creation*, which identified the need for CV MENA support to LACPA in their efforts to access international experience in the development of quality assurance systems.

In Their Own Words



Rend AL-RAHIM

Executive Director, The Iraq Foundation
Former Iraqi Ambassador to the United States

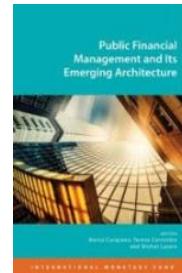


The title of the discussion now is "Public Financial Accountability in a Changing Environment." Obviously this is a very diplomatic way of saying "in an environment of extreme political change." This is really what we're talking about. And even though Iraq has not gone through political change or extreme political change in the last two years, we feel we have been going through political change for the last 10 years. So some countries are newer to this than others. The political change that has happened in the last few years has brought with it a number of very good things, and a number of perhaps not such good things.

But certainly what it has brought with it is a tidal wave of civil society activism and youth activism, which it is going to be very difficult for any government from now on to ignore or to suppress. And what this wave of civil society is demanding is what is broadly called democracy. But if you really unpack the term, what they're looking for is responsible, accountable government, and participation. Obviously they're also looking for jobs and so on; we have an ever-growing youth bulge in the MENA region, with very many unemployed youth, and so this is also part of the divide. This is kind of subsumed in the notion of responsible accountable government, which allows for broader and broader participation.

CVMENA Exchange PFM, 2013

Photocredit: Arne Hoel



Public Financial Management and Its Emerging Architecture

M. Cangiano, T. Curristine, M. Lazare
April 2013

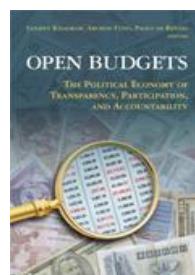
Teresa CURRISTINE, Senior Economist,
Fiscal Affairs Department, the International Monetary Fund

The first two decades of the 21st century have witnessed an influx of innovations and reforms in public financial management. The current wave of reforms is markedly different from those in the past, owing to the sheer number of innovations, their widespread adoption, and the sense that they add up to a fundamental change in the way governments manage public money.

This book takes stock of the most important innovations of the past two decades—fiscal responsibility legislation, fiscal rules, medium-term budget frameworks, fiscal councils, fiscal risk management techniques, performance budgeting, and accrual reporting and accounting. Not merely a handbook or manual describing practices in the field, the volume instead poses critical questions about innovation—what issues and challenges have appeared along the way, including those associated with the global economic crisis; and how the ground can be prepared for the next generation of public financial management reforms.

Decisions about "who gets what, when, and how" are perhaps the most important that any government must make. So it should not be remarkable that around the world, public officials responsible for public budgeting are facing demands—from their own citizenry, other government officials, economic actors, and, increasingly, international sources—to make their patterns of spending more transparent and their processes more participatory.

Surprisingly, rigorous analysis of the causes and consequences of fiscal transparency is thin at best. *Open Budgets* seeks to fill this knowledge gap by answering a few broad questions: How and why do improvements in fiscal transparency and participation come about? How are they sustained over time? When and how do increased fiscal transparency and participation lead to improved government responsiveness and accountability?



Open Budgets: The Political Economy of Transparency, Participation, and Accountability

S. Khagram, A. Fung, P. de Renzio
April 2013

Small and medium enterprises (SMEs) are the main source of private sector jobs in MENA. But despite the important role SMEs play in the economy, they still face several obstacles: financial institution lending capacity, enterprises' creditworthiness, liquidity of financial intermediaries, and the availability of risk-sharing instruments.

Among the major challenges also facing the sector are non-conducive legal and regulatory frameworks, poor financial infrastructure, information asymmetry, and a weak judicial and legal system. Moreover, there are non-financial challenges: lack of adequate business development services, enterprise managerial and marketing skills, advanced technology, and skilled labor. All this hinders the development of the SME sector in the MENA region.



SMEs for Job Creation in the Arab World

S. Nasr and D. Pearce
January 2012

Viewpoint

Shanta DEVARAJAN

Chief Economist MENA, World Bank

Let Them Eat Cash



The Economist has an excellent article on giving cash transfers, conditionally or unconditionally, to poor people to alleviate their poverty. Calling it “possibly the single best piece of journalism on cash transfers that I’ve seen so far,” Chris Blattman—one of the scholars whose research has provided grist for this mill—laments that such writing “tends to make the Pulitzer committee fall asleep in bed.” Maybe so, but the idea is potentially transformative.

That cash conditional on sending your children to school or taking them for a medical checkup improves health and education outcomes has been established for some time now. More recently, some studies show that unconditional cash transfers could have the same effect. Chris’s work demonstrates that giving cash to idle young people leads to higher business earnings than if the money were used to run vocational training courses for these people. In parallel, Todd Moss at the Center for Global Development and my colleague Marcelo Giugale and I (along with several others) have been exploring the idea of transferring oil revenues to citizens as cash transfers, as a way of reducing the resource curse that afflicts many resource-rich countries, especially in Africa. Gabon for instance, with a per-capital income of \$10,000, has the second-lowest child immunization rate in Africa. Marcelo and I show that, with just 10 percent of resource revenues’ being transferred directly to citizens (in equal amounts), poverty can largely be eliminated in the smaller resource-rich African countries.

Furthermore, the technology for making transfers has improved significantly. Alan Gelb and Julia Clark show that biometric ID cards can be had for a few dollars each. The Indian government is rolling these out to its 1.2 billion citizens (about 300 million already have them). With these cards, cash can be transferred electronically and, possibly, through mobile phones. Not surprisingly, there is a lively discussion in India of replacing its poorly-targeted and inefficient subsidies with cash transfers.

Up to now, criticisms of the idea of cash transfers has been that poor people will waste the money on alcohol or tobacco, rather than using it to educate their children or start a business. [When I presented the idea in South Sudan, I was told that “people will use the money to take another wife (sic).”] The research largely counters this criticism. But the debate misses another important aspect of replacing traditional public expenditures, such as free schools and clinics, and subsidized energy, water, and food with cash transfers. It shifts the accountability for these services to the government. When governments provide free or subsidized goods and services, poor people have little choice but to consume what is provided. Often, the quality or even access is poor. But when they are given cash with which to “buy” these services, poor people can demand quality—and the provider must meet it or he won’t get paid. As a farmer in Andhra Pradesh, India, after subsidized water was replaced with full-cost pricing, put it, “We will never again allow the government to give us free water.”

Likewise, in resource-rich countries, the oil revenues go directly from the oil company to the government without passing through the hands of citizens. As a result, citizens may not know how much revenues there are and, worse, may not have as much incentive to scrutinize government spending, because they don’t think of it as “their money” (even though it is). With cash transfers, citizens will at least know something about the size of the revenues and, possibly, have greater incentive to scrutinize how it is being spent. The criticism of cash transfers—which usually comes from senior government officials—may have less to do with a concern that the money will be misspent and more with the loss of discretion in government spending. Put another way, cash transfers have the potential to shift not just poverty-reducing policies but also the balance of power between government and its citizens, in favor of the latter.



Photocredit: Arne Hoel

MENA's FM Unit

The Financial Management unit in MENA focuses on two strategic objectives:

- Helping developing partner countries build their FM capacity, and
- Providing reasonable assurance that financing provided by the Bank is used for the intended purposes with economy and efficiency.

Project

The FM unit provides assessment, design, and implementation support services to ensure that, for Bank-financed operations, partner countries have in place appropriate FM arrangements to support achieving project development objectives, provide for compliance with Bank FM requirements, maintain financial integrity, and support the development of sustainable FM capacity. It actively seeks to use country FM systems where they are assessed as adequate.

Country

The FM unit provides information on the overall fiduciary environment and risks, and promotes and supports building FM capacity as appropriate for each country's development priorities and institutional environment. It provides FM diagnostics, policy and technical advice, advisory services, and technical and project assistance to partner countries; and facilitates FM learning, knowledge exchanges, and access to relevant global expertise.

Region

The FM unit establishes arrangements for portfolio and budget monitoring of operational services, ensuring value-for-money and consistent quality across the board. It also promotes Regionwide initiatives to create and disseminate knowledge. The Connecting Voices of MENA (CV MENA) initiative provides a platform for learning and dialogue among relevant Regional stakeholders to promote sound public financial management and corporate financial reporting.

Manuel VARGAS

Lead Financial Management Specialist

MENA Financial Management Unit, World Bank Group



Practice Management: (1) Public Financial Management, (2) Corporate Financial Reporting, (3) FM systems, tools and processes

Operational Services: Poverty Reduction and Economic Management, Human Development, Financial and Private Sector Development

Manuel oversees operational portfolio FM quality, which includes staff mentoring, advice, and review, to promote coherent FM risk management across the Region. He also provides technical leadership to the MNAFM PFM and CFR professional practices. The work on the operational portfolio helps not only to ensure fiduciary assurance, but also to identify opportunities to strengthen country systems—for example, when budget system bottlenecks (PFM) impede efficient project implementation (Operations), or when the quality of external auditors in the country (CFR) affects the assurance derived from project audited financial statements (Operations). These feedback loops enable continuous improvement, as country-level dialogue to enhance, for example, budget execution controls and the adequacy of the accountancy profession through development policy loans, Investment Projects Financing, or analytic and advisory work results down the line in more streamlined and accountable delivery of the programs financed by the Bank.

Rama KRISHNAN

Lead Financial Management Specialist

MENA Financial Management Unit, World Bank Group



Practice Management: (1) Decentralization, (2) Social Accountability, Citizen Engagement; (3) Integrated Reporting, (4) Fragility and Conflict

Operational Services: Sustainable Development (SD)

Rama leads the professional practices related to decentralization, social accountability, citizen engagement, integrated reporting, and fragility and conflict and is the FM liaison for the SD Sector. Under Rama's leadership, synergies between the decentralized implementation of Bank-financed operations, through either local governments or communities, and the governments' own decentralization agendas, are exploited. This is of particular relevance to several MENA clients that want to bring government services closer to the beneficiaries, but need to ensure that streamlined processes and adequate controls are in place to ensure that funds flow where they are needed. Similarly, fostering demand for public financial accountability through civil society organizations and other venues for citizen engagement and media will be equally critical to the delivery of Bank operations and to the clients' pursuit of open and transparent government initiatives.

Country Assignments

Technical Practices (TP)

Franck BESSETTE (Sr. FMS)



Tunisia



Algeria



Morocco



Libya

Rima KOTEICHE (Sr. FMS)



Lebanon



Djibouti

Jad MAZAHREH (Sr. FMS)



Jordan



Iraq

Mohamed YEHIA (Sr. FMS)



Egypt



Palestinian Territories

Moad ALRUBAIDI (Sr. FMS)



Yemen



GCC

[Gulf Cooperation Council]

Public Financial Management (PFM)

Financial Controls

Jad MAZAHREH
Walid AL-NAJJAR

Internal Audit

Rima KOTEICHE
Yngvild ARNESEN

Government Accounting

Hosam DIAA
Kamel BEZZINE

Decentralization

Moad ALRUBAIDI
Nadi MASHNI

Extractive Industries

Franck BESSETTE
Mohamed YEHIA

SAIs & Parliamentary Oversight

Mona EL CHAMI
Yngvild ARNESEN

Corporate Financial Reporting (CFR)

Accounting & Auditing

Gabriella KUSZ
Riham HUSSEIN

Islamic Finance

Gabriella KUSZ
Nadi MASHNI

State-owned Enterprises

Gabriella KUSZ
Hosam DIAA

Banking & Insurance

Gabriella KUSZ
Hosam DIAA

Integrated Reporting

Gabriella KUSZ
Shirley FORONDA

Micro, Small, and Medium Enterprises (MSMEs)

Gabriella KUSZ
Riham HUSSEIN

Cross-Cutting Themes

Fragility & Post Conflict

Mohamed YEHIA
Saleh MANARY

GAC in Projects

Jad MAZAHREH
Rock JABBOUR

Social Accountability & Citizen Engagement

Mona EL CHAMI
Wael EL SHABRAWI

Trust Funds

Rima KOTEICHE
Laila MOUDDEN

Knowledge Tools

Denis LARGERON
Ali SALAMAH

Disbursement & Risk Management Systems

Shirley FORONDA
Ali SALAMAH



Rima KOTEICHE
Sr. FM Specialist
Countries: Lebanon, Djibouti
TP: Internal Audit, Trust Funds



Ali SALAMAH
Program Assistant
TP: Knowledge Tools, Disbursement & Risk Management Systems



Laila MOUDDEN
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Morocco
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THE
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