



To:	AOSSG members	Date:	12 November 2012
From:	Kevin Stevenson	Agenda Item:	2.1
Subject:	Building regional capacity for a developing country	File:	

Attachments

Agenda paper 2.2 – Developing capacity within Asia Oceania – developing countries

Agenda paper 2.3 – Report of Survey Findings: IFRS COEDC

Overview

1. At the March 2012 Informal AOSSG Meeting in Kuala Lumpur, we discussed “Developing capacity within Asia Oceania – developing countries” (Agenda paper 2.2) which set out the case for capacity building in standard-setting within the region.
2. Agenda paper 2.3 contains the results of a brief survey of AOSSG members as to their capacity to assist a developing country technically, administratively and/or financially. Those responses, though perhaps cautious, are sufficiently supportive to suggest that we probably can establish the proposed pilot centre of standard-setting excellence in IFRS in Nepal.
3. At the October 2012 Informal AOSSG Meeting in London, I reported on the initial discussions that Clement Chan and I had with representatives of the World Bank’s South Asia Region Office and with the Executive Director of the Confederation of Asian and Pacific Accountants. Although those discussions were only preliminary, they were also very encouraging as our proposed pilot would complement current initiatives of the donor agencies to build capacity in countries in the region, including Nepal. We made no attempt to specify the type or amount of assistance we might seek, but rather concentrated on explaining our objective.
4. Recently, we had discussions with the incoming chairman of the Nepal Accounting Standards Board (NASB), Mr Narayan Bajaj, to inform him of our preliminary deliberations and to ask the NASB to think about its needs and how we might best have the idea of a COEDC take hold among stakeholders in Nepal. As a first reaction, Narayan indicated ‘training the trainers’ would be critical to Nepal as it moved to adopt IFRS.
5. We have also contacted Mr Mike Wells at the IFRS Foundation seeking his assistance on educational materials. Mike has readily agreed to assist when we have firmed up our ideas.

6. In the last few days we have also explained the project to Mr Mitsuhiro Takemura, the Director of the IFRS Foundation Asia-Oceania office. He will be attending our 2012 Annual AOSSG Meeting to hear more of what is intended.
7. Finally, as part of our collective preparation, we are holding our 2012 Annual AOSSG Meeting in Nepal, which will provide us with opportunities to better understand the Nepalese environment and needs.

A Reminder of Our Focus

8. Essentially we are concentrating on building domestic capacity in standard-setting rather than directly assisting in the adoption of IFRS. It is intended that building domestic capacity will facilitate adoption of IFRS.

A Finite Target

9. We have been trying to think of a limited number of core activities, to which a number of jurisdictions could contribute, and that provide sustainable improvements for Nepal that would lead to a COEDC.
10. Five initiatives have been considered:
 - (a) Intensive training for the NASB and its staff (essentially ‘train the trainers’ as contemplated by Narayan (probably achievable over a number of concentrated but short-duration efforts, complemented by remote assistance, perhaps via video);
 - (b) A review of the processes employed by NASB in setting standards to identify areas in which improvements could be suggested, based on the experiences of others;
 - (c) Secondment of experienced standard-setter staff, on a rotational basis, to assist with (a) and (b).
 - (d) Inclusion of Nepal on each of the relevant AOSSG Working Groups (WGs), with a request to the WGs to explicitly mentor those members if needed; and,
 - (e) Provision of good quality training materials.
11. Though achievement of the above is not a costless exercise, it should not be too intrusive for those able to assist. We may need to seek World Bank assistance for direct costs such as airfares, accommodation and perhaps room rentals/event costs for training.
12. We are aware that the large accounting firms have developed training packages which they may perhaps make available to the NASB. We are yet to pursue that avenue.
13. Each of us will have IFRS materials that may also be useful for (a) above, along with what the IFRS Foundation can provide.

Discussion Points for the 2012 Annual AOSSG Meeting

Five initiatives

14. Do you believe that the five initiatives listed above are a good way to focus our initial efforts to help Nepal and to move towards achieving a COE in IFRS in a Developing Country?

NASB view

15. Does NASB think those initiatives are appropriate and the right places to start?

Stakeholders

16. Apart from the functional matters listed above, it will be critical for the success of our efforts that Nepal wants to succeed and that key stakeholders with an interest in financial reporting become involved and support what we are attempting. Those stakeholders include the Institute of Chartered Accountants in Nepal (ICAN), the securities regulators (including the relevant Minister), the stock exchange and the banks and other key preparers.
17. How can such involvement of stakeholders be engendered? This is primarily a question for NASB but it is an area in which almost all AOSSG members will have had experience.

AOSSG Infrastructure to Support COEDC Project

18. We recommend that a working party be formed to support the COEDC initiative. Do you agree? Who should be members? (Australia is prepared to take a lead if members wish. NASB should, in our opinion, have a member on the working party. Who else would like to assist?)

Other

19. Are there any other matters, suggestions or concerns you would like to raise?