

Dear IPSASB,

Your email to us on the above issue refers.

We note that the above exposure draft is very relevant to most developing countries like ours of which most national budgets are very donor dependant. It is important for these countries to be able to properly and accurately record, analyze and be able to interpret the different forms of assistance received in an accounting period.

We see this standard once it becomes one greatly contributing in substantially improving on public sector financial reporting in public sector entities whose survival is dependent on external assistance of cash or non-cash items.

On the basis of the above observations, our comments on the above exposure draft are as follows:

(i) Whether the proposed definition of "external assistance" in paragraph 5 is sufficiently broad to encompass all official resources received. The definition could be improved to make it clearer as follows'

"External assistance means all official resources received from outside which the recipient can use or otherwise benefit from in pursuit of its objectives".

(ii) The term, "External assistance" should include all forms of external assistance to the entity including assistance from NGO's.

(iii) Whether the ED should specify the categories of external assistance as required in para 13 - 15. Yes, it is absolutely important for entities to specify the categories of external assistance for information and decision making purposes. It is important for governments to exactly know the providers of foreign assistance, the magnitude of such foreign assistance and the purpose of such foreign assistance.

(iv) In regard to the disclosure of undrawn external assistance, it is important for an entity to know at year end the un-utilized foreign assistance which could have a bearing in the entity's next year's operations.

(v) The disclosure requirements in paras 26 to 28 is very important information. It is important for users of the financial statements of a public entity to have all pertinent information in regard to the entity's foreign assistance including the terms and conditions attached to these foreign assistances.

In regard to para 28, we don't see the logic of singling out the "Balance of Payments" assistance as it is just another form of foreign assistance and therefore adequately covered under paras 26 and 27. In our opinion, para 28 is redundant and should therefore be deleted.

(vi) On para 44, we find the disclosure requirement okay as it is important for an entity to be able to record the fair value of the assistance received in kind.

(vii) As to whether the disclosures proposed are appropriate, the answer from our point of view

is yes. Our only reservation in loading too much information on the financial statements themselves. As much as possible let us have the disclosures in the notes to the financial statements rather than on the financial statements themselves.

(viii) Yes, it is important since it might not be easy for entities to have the information to convert their opening balances for comparability purposes.

Yes, the transaction period of 2 years is sufficient to apply this standard".

We shall appreciate to receive the consolidated ECSAFA response on this exposure draft.

Regards,

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EXECUTIVE DIRECTOR