

Specific Matters for Comment

1. **Whether the proposed definition of “external assistance” in paragraph 5 is sufficiently broad to encompass all official resources received.**

Comment

The definition seems wide and sufficiently broad. As indicated so many terms are used depending on the source of aid as well as terminologies in the host or recipient countries and having agreed terminology helps in resolving this matter.

2. **Whether other sources of assistance, such as assistance provided by nongovernmental organizations (NGOs), should also be included in the definition of “external assistance”. Currently, the Exposure Draft requires that entities disclose all official resources received. Official resources as defined in paragraph 5 would exclude certain assistance received from NGOs.**

Comment

We propose exclusion of NGOs assistance from the definition of external assistance. This is for practical reasons when you consider the capacity of developing countries’ ability to track all the aid coming and being able to account for it. It is better to walk first before trying to run. Most countries would just give up before they even start applying this proposed standard if NGO assistance and other issues are included. The exception should be cash which is given to a government by an NGO as part of an agreement; this should be included in the definition.

3. **Whether the Exposure Draft should specify the categories of external assistance as required in paragraphs 13-15 or only require the disclosure of external assistance by “major classes” without further specification.**

Comment

This ED is overly ambitious, particularly if developing countries are going to be applying it. Simplicity in our view is the key. These categories are too cumbersome, perhaps the same approach of Mandatory and Recommended parts as in the initial Cash Basis IPSAS should be followed. Some of the categories such as military assistance may even be offensive in other quarters. That doesn’t justify not reporting though but the realities on the ground should not be ignored. Perhaps broad groups of not more than three such as “Developmental”, “Welfare”, and “Other” could be considered.

4. **The proposal to disclose the balance of, and changes in, undrawn external assistance during the period (paragraph 22).**

Comment

Disclosure of undrawn external assistance is good practice but perhaps it should be in the recommended part of the proposed standard. A significant number of countries in East and Southern Africa do produce statements on public debt which reflect the original amounts of loans and the undrawn balances in schedules to the Public Debt statement. The problem arises with grants, technical assistance and other forms of aid where information is extremely difficult to find.

5. **The proposal to disclose the terms and conditions of external assistance agreements as required by paragraphs 26-28 and any non-compliance thereof (paragraph 36).**

Comment

This in our view is too onerous for the countries targeted for this standard. Perhaps again if the standard is split into mandatory and recommended parts then this can be put in the recommended part. The annual reports produced so far by governments in East and Southern Africa are just voluminous and to add this would make them just too big and intimidating to any reader.

6. **Whether the proposals in paragraph 44 as noted below are appropriate:**

(a) To disclose the fair value of non-cash goods-in-kind; and

(b) That fair value should be based on the prices of equivalent goods or services in the recipient country.

Comment

For practical reasons this is going to be very difficult to apply. We propose that the note remains for disclosure in the mandatory part but perhaps the values can be put in the recommended part of the standard.

7. **Whether the disclosures proposed are appropriate. If the disclosures are considered excessive, the IPSASB would welcome input on which disclosures should not be required. The IPSASB would also welcome input on any key disclosures that have not been dealt with and should be required.**

Comment

There is no doubt that a standard embraced by donors and recipients on External assistance would really be very helpful in discharging accountability and resolving issues of comparability and reducing costs of administration on the part of recipients. However, it must be mentioned that the systems and capacities of developing countries which are the target of the standard are very fragile and weak in most cases. Because of these reasons the standard should be simple and practical as the current Cash Basis IPSAS is at the moment. The approach of two parts, the mandatory and recommended, in the current Cash Basis IPSAS needs to be considered for the External Assistance proposed Standard. It is a very good and practical approach which the recipient countries may find useful if applied. A lot of the disclosures in this proposal are too onerous for the developing countries.

8. **Whether the proposal in paragraph 54:**

(a) For a transition period of two years is sufficient to apply this Standard. Is a longer transitional period necessary to ensure that the appropriate authorities in each recipient country are able to access the data necessary to properly account for external assistance?

(b) To exempt the requirement to disclose comparative figures during the first year of application of this Standard is appropriate.

Comment

Both provisions are helpful and will give relief for preparation to apply the standard. These are useful and are supported.