

SUMMARY OF ED 24

FINANCIAL INFORMATION ON THE CASH BASIS Disclosure Requirements for Receptors of External Assistance

Specific Issues to comment:

The IPSASB would appreciate comments on:

- 1. If the proposed definition of “external assistance” in paragraph 5 is wide enough as to cover all the official resources received.**

The definition: **“Assistance of Payments Balance means all the official resources received to support the situation of balance of payments of the entity or to defend the exchange rate”**. It is not clear because if it is the Balance of the Assistance it would be resources and the payments of the assistance received. The term “to defend an exchange rate” is not clear. Could it be to guarantee the coverage of an exchange rate? We should not forget that many times, for example in the Argentine case, this balance sheet cannot be elaborated, as the resources are handled by the units receiving the assistance, while the registration of payments is centrally handled by the Federal Government.

The definition: **“Bilateral Agencies of External Assistance are the agencies established under the national law, regulations or other national authority in order to provide specific or all the external assistance to that country”**. For the Argentine case, the bilateral capital markets include:

Bodies which general financing is made through exports promotion agencies (such as Eximbank of USA) and other agencies which grant government to government financing (this type of debt, under certain circumstances, gives rise to the re-negotiation agreements made through the so-called “Paris Club”), and there are also banks or institutions of national credit such as the Banco de la Nación Argentina.

Contributions made by Chile:

“In relation to the definition of assistance, we should be more explicit, that is, in relation to “official resources which were originated in multilateral agencies, of government or governmental agencies”. Here we have donations to finance programs and specific projects. Normally, in the Institutional Classifiers, such as the ones in Chile, the Ministry is acknowledged as assignment, entities or public services are chapters, and specific activities are considered programs, which can include official resources as external assistance. To this respect, it would be convenient to include a type of Institutional Classifier in the IPSAS, with a greater scope than the one in the MEFP of the IMF 2001”.

- 2) If other sources of assistance should be included in the definition, such as the assistance granted by the Non Governmental Bodies (ONGs). Currently, the ED requires entities to inform any official resources received. Official resources would exclude specific assistance received from the ONGs.**

Assistance or donations received in GOODS should be included, as frequently they are not considered assistance and are not incorporated as such to the government patrimony, being extinguished at the end of the project of the received goods.

Contributions made by Chile:

Even if the assistance is in goods and services, this has a monetary expression, so there should be information about it in the notes to the financial statements, or more specifically with a money compensated movement, so as not to lose the information.

- 3) If the ED should specify the categories of external assistance under the requirements of paragraphs 13 to 15 or only disclose the external assistance by “main categories” without specifications.**

OK with the requirements of paragraphs 13 and 15.

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

This issue for the Argentine case is that resources are administered and handled by external loans units, frequently outside the governmental structure, which only contemplates the reception of resources but not the payments of the same, which are centralized, when of the federal government, in the Department of Public Credit. In fact, the resource is separated from the payment.

- 5) The proposal to disclose the terms and conditions of the external assistance agreements under the requirements of paragraphs 26-28 and any breach of the same (paragraph 36).**

In the case of the Federal Government, the information required in item 28 should be complied with by the Department of Public Credit, as the loan administration unit does not have said data, that is it does not contemplate the payment part, but only the disbursements.

- 6) If the proposals of paragraph 44 are adequate:**

- (a) Disclose the fair value of the goods in kind, not in cash; and**
- (b) That the fair value should be based on the prices of the goods and services equivalent in the receptor country.**

The organization should reveal information on the basis of accrual incorporating the assets to the Financial Statements and not in the Notes to the same. The information, as it is requested in the ED, is partial and does not solve the problem of registration of the external assistance loans. I understand that the information required shall be wider and on the accrual.

- 7) If the proposed disclosures are appropriate. If the disclosures are considered excessive, if the IPSASB should receive input on key disclosures which have not been dealt with and should be required.**

I consider that the information which the units administering foreign loans are required to disclose is wider than the one required in the ED (I attach the IDB requirements). The problem is that these units prepare different information for each grantor, under the regulations of each of them, apart from the one required by the Federal Government, being the latter not complied with in most of the cases, and handled outside the governmental system even with their own accounts outside the single Treasury account.

- 8) If the proposal in paragraph 54:**

- (a) If it is enough to have a transitional period of two years to implement the Standard or a larger period is necessary to guarantee that the authorities of each receptor country can get the necessary data to account for the external assistance.**

Correct.

- (b) If it is adequate to exempt from the requirement of disclosing contrast figures during the first year of implementation of the Standard.**

As expressed above, I think the units have the information, as currently they have to disclose the same under the requirements of the grantors.

Contributions made by Chile:

The best would be to recommend that apart from the accounts in the registration currency, analytical registrations should be kept in the currency of origin.