

## Annual Project Progress Report

**Project title:** Support in improving accounting system in Turkmenistan  
**Award ID:** 00097178  
**Project ID:** 00092491  
**Implementing partner:** Ministry of Finance and Economy of Turkmenistan  
**Period covered in this report:** 01/03/2017 – 31/12/2017  
**Date of last Annual Report:** N/A  
**Date of the last Project Board meeting:** N/A

**Date of last Quality Assurance and rating:** Highly Satisfactory. Date: Nov 08, 2017

### 1. Project Performance

**a) Please state the expected Output of the Project, set indicators and corresponding CP Outcome (as per project document/AWP):**

**Project Output 1: A set of methodologies for implementation of the new national financial reporting standards prepared**

**Output indicators:**

- # of methodological documents

**Output targets:**

***-Prepare Double-entry accounting guidelines***

The guidelines of the Double-entry accounting developed by the National Consultant and reviewed by the International Consultant. The introduction of the guidelines will result in a better understanding by private and state commercial enterprises implementation of the new National Financial Reporting Standards and provision of higher quality financial statements in line with international standards to the main users.

***-Guidelines for preparation financial statements according to the NFRS for commercial enterprises.***

The Draft of the Guidelines for preparation financial statements according to the NFRS for commercial enterprises prepared by the National Consultant and reviewed by the International Consultant. The introduction of the guidelines will result in a better understanding by private and state commercial enterprises implementation of the new National Financial Reporting Standards and provision of higher quality financial statements in line with international standards to the main users.

***-Prepare Tax verification guidelines to link tax accounting and financial reporting.***

The Tax verification guidelines to link tax accounting and financial reporting prepared by the National Consultant and reviewed by the International Consultant. The guidelines are developed to provide principles and recommendations to put in practice the unified method of and approach of calculation.

b) Were the indicators and output achieved?    Yes                       No                       Partially

c) If no or partially, please explain why?

**Project Output 2: Recommendations for establishing the National Accountants Certification System provided**

**Output indicators**

- # of recommendations adopted

**Output targets:**

- **Conduct Review of the existing accountants training and examination system;**  
The review of the existing accountants training and examination system conducted by the National Consultant and the conclusions were made and shared with the International Consultant.
- **Prepare Recommendations for establishing the National Accountants Certification System;**  
On the basis of the conducted review, the Draft Recommendations for establishing the National Accountants Certification System were developed in a very close collaboration with the International Consultant. Then, the recommendations were shared with the representatives of the key governmental institutions and the comments received. Further developments will take place in 2018 in line with the AWP. The establishment of the National Accountants Certification System will ensure that a growing number of accountants working in private sector of Turkmenistan, have good qualification and knowledge of the new national financial reporting standards to be able to follow the IFRS principles and to prepare accurate financial reporting.
- **Prepare Action Plan and budget for implementation of recommendations.**  
The Draft Action Plan and budget for implementation of recommendations prepared by the International Consultant. The detailed discussion is foreseen in 2018, as per AWP

b) Were the indicators and output achieved?    Yes                       No                       Partially   
c) If no or partially, please explain why?

**2. Progress Reporting**

**a) Please summarize the main achievements during the project cycle:**

**Project Output 1:**

The main achievements of the project, the developed methodologies, will contribute towards achievement of the national goals that include attention to policy reform, institutional capacity development, planning, budgeting, monitoring and information systems. The project outcomes will also contribute to a better understanding by private and state commercial enterprises implementation of the new National Financial Reporting Standards and provision of higher quality financial statements in line with international standards to the main users, including Ministry of Finance, State Statistics Committee and Tax Administration of Turkmenistan as well as for attraction of potential foreign investment into the business sector of Turkmenistan.

The National Consultants, who have excellent knowledge of and practical experience in IFRS implementation, in close cooperation and under guidance of the International Consultant have developed a number of methodologies to improve implementation of NRFS

- 1) The tax verification guidelines to link tax accounting and financial reporting have been developed by Mr. Maksat Sahatov, the National Consultant. The guidelines are developed to provide principles and recommendations to the users of unified approach in calculations to improve the data quality. The document has been presented to the stakeholders and discussed in the course of presentation

delivered by Mr. Sahatov in the framework of the workshop dedicated to the finalization of project achievements in 2017.

- 2) The guidelines of the Double-entry accounting developed by the National Consultant Mr. Geldy Taganov in close cooperation and under guidance of the International Consultant. The introduction of the guidelines will result in a better understanding by private and state commercial enterprises implementation of the new National Financial Reporting Standards and provision of higher quality financial statements in line with international standards to the main users. The document has been presented to the stakeholders and discussed in the course of presentation delivered by Mr. Taganov in the framework of the workshop dedicated to the finalization of project achievements in 2017. The body of the document has been finalized but the Annexes are to be developed in 2018.
- 3) Another important achievement of the project is development of the Draft Guidelines for preparation financial statements according to the NFRS for commercial enterprises. The document has been prepared by the National Consultant Mr. Geldy Taganov in close cooperation and under guidance of the International Consultant. Introduction of the guidelines will result in a better understanding by private and state commercial enterprises implementation of the new National Financial Reporting Standards and provision of higher quality financial statements in line with international standards to the main users. The document has been presented to the stakeholders and discussed in the course of presentation delivered by Mr. Taganov in the framework of the workshop dedicated to summarizing the project's achievements in 2017.

#### **Project Output 2:**

The National Consultant Mr. Sergey Mineyev in close cooperation and under guidance of the International Consultant has developed a number of recommendations to be considered by the relevant governmental institutions. The draft recommendations have been presented and discussed with the representatives of the main stakeholders in the course of the workshop arranged by the project to introduce and discuss the main achievements of the project in the year 2017.

1. The review of the existing accountants training and examination system conducted by the National Consultant and the conclusions were made and shared with the International Consultant.
2. On the basis of the conducted review, the Draft Recommendations for establishing the National Accountants Certification System were developed in a very close collaboration with the International Consultant. Then, the recommendations were shared with the representatives of the key governmental institutions and the comments received. The final draft recommendations will be prepared in 2018 in line with the AWP.
3. The Draft Action Plan and budget for implementation of recommendations prepared by the International Consultant. The detailed discussion is foreseen in 2018, as per AWP.

### **3. Project Risks and Issues**

**The project Risk Log is maintained throughout the project implementation to capture potential risks to the project and associated measures to mitigate risk. The Project Manager shall maintain and update the Risk Log and ensure that risks are identified, communicated and managed effectively.**

A number of potential risks are listed below.

Description of risk	Type and category	Risk management actions	Current situation
Low input from the Local Consultants	Operational	Communication with Local Consultants every week to monitor progress	Dead
Lack of information/limited access to the legal/financial documents	Operational	The issue was addressed to the National Coordinator to obtain/provide required input	Dead
Delay in recruitment and procurement process	Operational	PIU facilitated recruitment process	Dead

**4. Lessons learned and follow-up steps (if applicable)**

a) Please provide the lessons learned and further steps after the project's closure.

**5. Transfer of Assets or other related matter**

a) Please state on any past or future transfer of assets made within the project cycle (Attach list of equipment, cooperation frameworks with beneficiaries, etc.)

**7. Financial management**

Budget item	Total approved in 2017 (in USD)	Expenses + commitments	Budget utilization in % to planned
Component 1	84,964	52,206	70%
Component 2	25,179	40,548	161%
Project management	6,310	5,097.45	80,78%
<b>Total delivery in 2017</b>	110,143	92,973	91%
<b>In % to total project budget</b>			91%

**Prepared by:** Valeriya Danilchenko, Project Manager

**Date:** 12/26/2017

**Approved by:** Nurjemal Jalilova, Programme Specialist

**Date:** 02/13/2018