

## *Opening Statement*

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within the ROSC Initiative - Sarajevo, October 20, 2004



# *Financial System Stability Emerges As a Key Concern*

Indonesia Shell  
Parmalat Argentina  
Brazil Thailand  
South Korea Worldcom  
Mexico Russia  
Enron Ahold  
Hong Kong





# *The “Rules of the Game” in a Sound Financial System*

## International Financial Architecture *Codes and Standards*

Financial System Stability

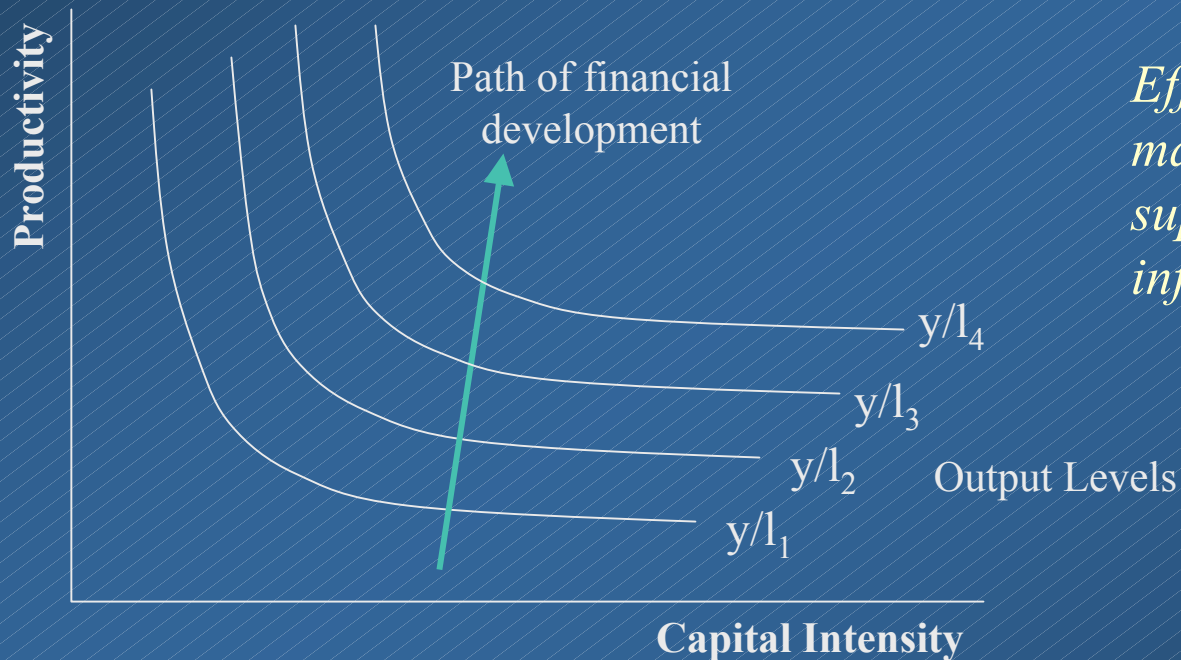


Private Sector Growth



# *The Quality of Financial Reporting is an Important Driver of Economic Growth*

It is through productivity -not volume- of investment that finance helps growth.



*Effective functioning of the market economy requires a supporting infrastructure for information disclosure.*

Source: Based on the econometric findings of Levine, Loayza, and Beck (2000)



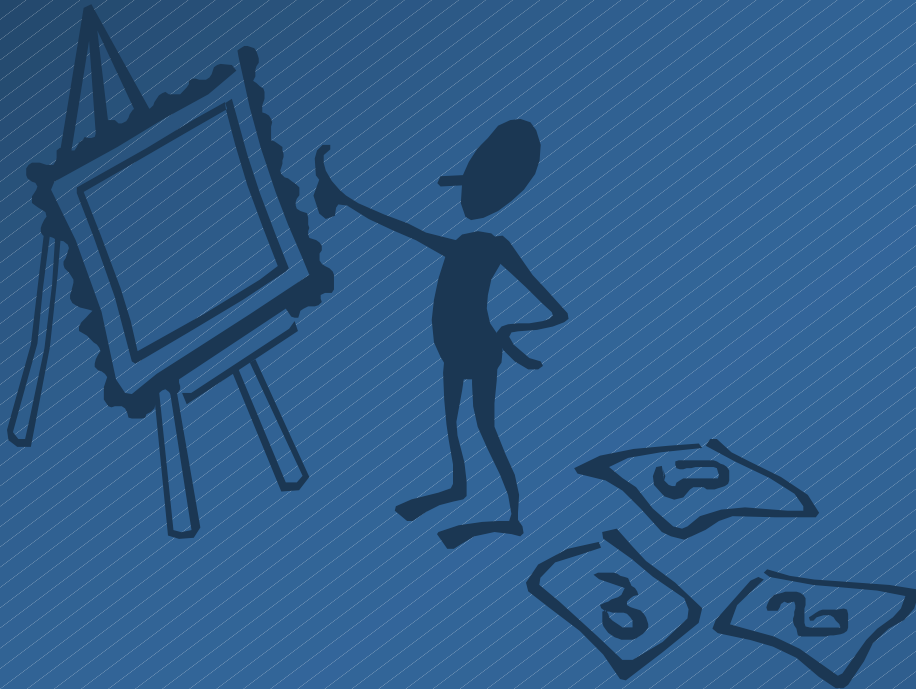
## *ROSC Accounting and Auditing Reviews in the Region*



- ◆ Done in other countries
  - ❖ Bulgaria
  - ❖ Croatia
  - ❖ Czech Republic
  - ❖ Estonia
  - ❖ Hungary
  - ❖ Lithuania
  - ❖ Poland
  - ❖ Slovak Republic
  - ❖ Slovenia
- ◆ And now Bosnia and Herzegovina



# *Key Policy Recommendations of the ROSC Accounting and Auditing Review*



- ◆ Review and harmonization of the statutory framework with relevant portions of the *acquis communautaire*
- ◆ Adoption of a unified accounting framework that will result in transparent and reliable financial reporting and reduce the cost of doing business
- ◆ Increase the accountability of preparers of financial statements



## *Helping with the Reforms*

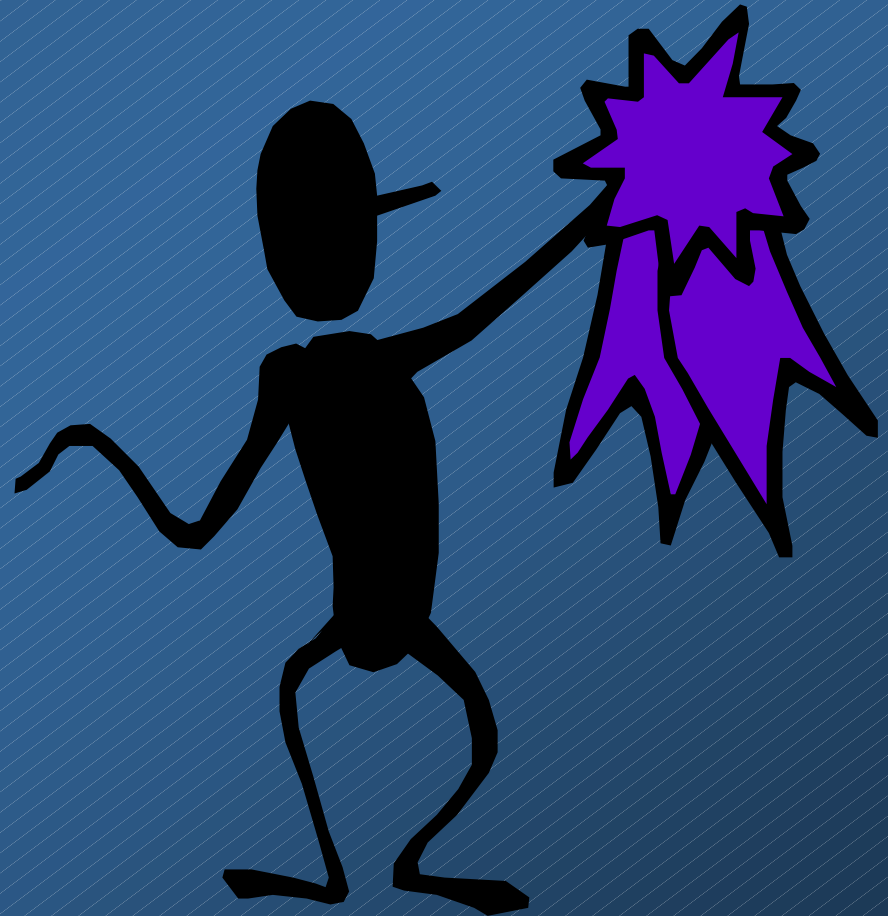


- ◆ Task is a broad one
- ◆ Sustained by the REPARIS project
- ◆ Program designed around the introduction, implementation and effective enforcement of the *acquis communautaire*



## *Conclusion*

- ◆ A high quality financial system which entails accounting and auditing standards and a statutory and institutional framework is only a means to an end
- ◆ The ultimate goal is to enhance the corporate financial reporting system to achieve stability of the financial system and increased private sector growth





*Progress Requires the Participation  
of all Parties with a stake in the Process*

