

Sovereign Accounting and Audits: A User's Perspective

Accountability.Now. Coalition Roundtable

April 15, 2015
Washington, DC

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Two Points

1. Sovereign financials are at the core of our investment analysis.
2. We have found many forces fighting transparency and accountability of government financials.

1. Sovereign financials are at the core of our investment analysis.

Our Investment Principles

- For prosperity, especially in Greece, ministers' first priority is to build **trust and confidence** with all stakeholders.
- To build trust and confidence, ministers must make **transparency and accountability** of government finances their most important reform.
- And, the starting point for transparency and accountability is accurate government financial information obtained through **international public sector accounting standards and audits**.

Fact Findings

- Sovereign debt is massively mismeasured and mismanaged.
- Too many of the current sovereign accounting and auditing systems fail miserably on transparency and accountability.
- We agree with the view that reducing debt of serial defaulters does not address the root cause of the problem.

2. We have found many forces fighting transparency and accountability of government financials.

Forces Fighting Transparency and Accountability

- Accountants not at the table in taskforces.
- Too many key stakeholders don't want transparency of government financials.
- A view that transparency and accountability is good but not for government financials.
- Creative accounting at the heart of many economic policy solutions.
- Miseducation on the benefits of accurate numbers.

Help educate Greece ministers. Ask them the right five questions:

- #1. Was 2013 net debt 18% of GDP and 1/4 of peers?
- #2. Was cash interest expense 3.8% of revenue and 1/3 of peers?
- #3. Does Greece receive €7 billion per year in EU funds and has it avoided over €160 billion of net debt?
- #4. Is the opportunity cost of recent misguided financial management €35 billion to €45+ billion?
- #5. If primary balance as % of GDP equaled the highest of peers, could net debt remain at 18% of GDP?

