



USAID | **UKRAINE**
FROM THE AMERICAN PEOPLE

CIPA – Ukraine Project

FINAL REPORT

November 2005 – July 2007



This report was produced for review by the United States Agency for International Development. It was prepared by the USAID CIPA Ukraine Project implemented by The Pragma Corporation.

CIPA – UKRAINE PROJECT

FINAL REPORT
NOVEMBER 2005 THROUGH JULY 2007

Contract Number: I21-M-00-05-00708

CTO/USAID/Ukraine:	Ms. Evgenia Malikova
PROJECT MANAGER:	Dr. M.M. Fatoorechie
CHIEF OF PARTY:	Ms. Galina Esaulenko

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

SECTION I. EXECUTIVE SUMMARY	4
SECTION II. PROJECT TASKS	6
Task 1. Strengthen the Technical, Organizational, and Financial Capacity of Progressive Ukrainian Accountancy Associations	6
Task 2. Strengthen and Broaden the Network of CIPA Training Providers across the Country	9
Task 3. Establish the CIPA Examination Network as an Independent and Sustainable Entity	10
Task 4. Increase Awareness of CIPA Certification	12
Task 5. Improve Efficiency and Transparency through Reconciliation	15
Task 5. Improve Efficiency and Transparency through Reconciliation	15
SECTION III: CONCLUSION	16
ANNEXES	17
Annex 1. CIPA Exam Fee History	18
Annex 2. CAPS/CIPAS by Region and Exam Details	19
Annex 3. CIPA Image Campaign	23
Annex 4. Samples of web promotion materials (screenshots)	27
Annex 5. CIPA Marketing Plan Summary	28

SECTION I. Executive Summary

The CIPA Ukraine Project was designed and implemented to enhance the quality of the accounting profession within the country, with the goal of improving the accuracy and credibility of financial reporting. This was promoted through the project's training, examination, and certification activities.

The objectives of the Project included the following:

1. supporting the professional accountancy association and helping it achieve financial sustainability and take the lead in accounting reform including transition to International Financial Reporting Standards (IFRS);
2. helping Certified International Professional Accountant (CIPA) training providers strengthen and broaden their network across the country;
3. helping the Certified International Professional Accounting Examination Network (CIPAEN) establish its operations as an independent and sustainable entity;
4. increasing public awareness of the CIPA certification among industry and the government; and
5. improving efficiency and transparency of tax administration through tax and financial accounting reconciliation.

The CIPA Ukraine Project spanned from November 2005 through July 2007. The initial period of performance was to take the project through November 2007; however, budgetary constraints demanded a reduced level of effort and Project completion by July 2007. Even with the reduction in budget, the Project was able to achieve many of the project goals.

HIGHLIGHTS

- The Ukrainian Association of Certified Accountants and Auditors (UACAA) offers an appropriate range of services, including CIPA training in 10 oblasts.
- Training by all training providers is taking place in 17 Oblasts.
- The International Federation of Accountants (IFAC) ethics code was implemented at UACAA in the project's first quarter.
- UACAA has over 1,100 members, almost triple the number from the Project's start, and is generating sufficient funds to continue operations.
- At project end there are an additional 102 CIPAs and 2,982 Certified Accounting Professionals (CAPs) in Ukraine from the beginning of the Project.
- UACAA worked closely with, and financed an external audit by, the Institute of Chartered Accountants of Scotland (ICAS) to obtain IFAC membership by 2008.
- UACAA has a representative on the Ministry of Finance's Methodological Council, which regularly requests UACAA assistance and advice on such issues as IFRS implementation.
- Project Harmony, a US based NGO, sponsored a study tour for accounting associations to Washington, DC; seven of the ten participants were from UACAA and all ten are either CAP or CIPA certified.

- Project member Alexei Kanikevich was appointed a member of IFAC's Developing Nations Technical Forum.
- Kyiv National Economic University includes CIPA courses of Financial Accounting I, Managerial Accounting I, and Audit in its Masters program.
- A study tour to EU Accession Country Turkey was organized in November 2006, to IFAC's World Congress of Accountants. Attendees included delegates from the Ministry of Finance, National Bank of Ukraine, and UACAA. It was largely as a result to this international exposure that the Ministry of Finance finally became supportive of the adoption of IFRS, now scheduled for 2010.
- Along with the Ministry of Finance, IFAC, the World Bank and the United Nations Conference on Trade and Development (UNCTAD), the Project supported the conference "IFRS: Experience and Implementation in Emerging Countries," hosting delegates from Ukraine and other members of the Former Soviet Union.
- The Association of Accountants, Auditors, and Financiers of the Agro-Industrial Complex of Ukraine provides CIPA training, exam participation, and certification.
- Training support in 17 oblasts to training providers was reduced over the duration of the Project, as providers became self sustainable. Support continued in eleven oblasts for the July 2007 CIPA exams. Exam participation increased throughout the period of performance.
- Over 3,000 accounting professionals were trained through Project-supported Local Training Providers.
- CIPAEN Ukraine was registered as a legal nongovernmental and nonprofit organization.
- CIPAEN Ukraine is self-sustainable (covers operational costs, royalties, and fees through revenue generated by exam fees).
- The exam fee was \$27 at the beginning of project in November 2005, \$57 in July 2007, and \$72 in November 2007, reaching the goal of sustainability without a drop in the number of examinees per session.
- CIPA is sustainable in Ukraine. At Project end, 1,714 participants signed up for the July 2007 CIPA exam session, a 48 percent increase from July 2006. The November 2007 exams had 1,664 CAP exam participants and 328 CIPA exam participants.
- CIPAEN Executive Director Corrie Reiman relocated to the CIPA Ukraine office from Moscow.
- The Project assisted BEA to obtain rights and publish Canadian General Accountants' Financial Accounting I (FAI) book. The book was distributed to training providers' libraries.
- The Project delivered seven "Training of Trainers" (TOT) seminars to eleven state organizations with over 160 participants.
- Institute of Managerial Accountants (IMA) representatives and consultant Bob Altman visited Ukraine to observe exams and CIPAEN operations and to encourage cooperation between IMA and CIPAEN. IMA stated that CIPAEN's operations were the best they had seen.
- The Institute of Managerial Accountants (IMA) has seats on the CIPAEN board of directors. CIPA Ukraine supported the operational audit by IMA representatives of CIPAEN's activities, the quality of exams (technical content and methodology), and the examination process.
- Pilot enterprises are participating in and implementing reconciliation methodology.
- The Financial Accounting Reconciliation Manual was appropriately and the Ministry of Finance adopted reconciliation in the first quarter of 2007 for required enterprise financial reporting.
- Project staff trained of Ministry of Finance Staff in IFRS.
- State Tax Administration and the Ministry of Finance have an increased number of staff who passed CIPA or CAP.

SECTION II. Project Tasks

The purpose of the CIPA Ukraine Project was to enhance the quality of the accounting profession with the aim of improving the accuracy and credibility of financial reporting. This was to be achieved through the implementation of the CIPA training, examination, and certification program.

The Project had five objectives:

- support the professional accountancy association and helping it achieve financial sustainability and to take the lead in accounting reform, including transition to International Financial Reporting Standards;
- help CIPA training providers strengthen and broaden their network across the country;
- help the CIPA Examination Network (CIPAEN) establish its operations as an independent and sustainable entity;
- increase awareness of CIPA certification among industry and the government; and
- improve efficiency and transparency of tax administration through tax and financial accounting reconciliation.

TASK 1. STRENGTHEN THE TECHNICAL, ORGANIZATIONAL, AND FINANCIAL CAPACITY OF PROGRESSIVE UKRAINIAN ACCOUNTANCY ASSOCIATIONS

The goal of this task is to help the Ukrainian Association of Certified Accountants and Auditors (UACAA) become a full-fledged professional self-regulatory organization that will promote standards-setting, enforcement, and certification functions. The contractor will help it achieve financial sustainability and take the lead in accounting reform, including transition to IFRS, and harmonization of financial and tax accounting.

Expected results:

- a) offer a range of appropriate services to its membership;
- b) implement IFAC ethics code;
- c) become a full IFAC member;
- d) be financially self-sufficient by the end of the contract.

Results:

Over the life of the Project, UACAA has grown from 40 founding members to over 1,100 members. UACAA experienced an unexpected interruption of activities during the Christmas 2006 break (for 2.5 months) with the unexpected resignation of its President. An election of new leadership took place in late April 2007 at the UACAA annual meeting.

The CIPA Ukraine Project provided direct technical support towards the sustainability of UACAA. To that end, the project promoted and assisted the following activities:

1. A Sustainability Plan which helped to transform UACAA into a one-stop-shop for accountants was developed and implemented allowing UACAA to become financially independent.
2. Association membership nearly tripled (400 members before the project began) to 1112 members by project completion).
3. New CAP-qualified potential members are being certified every four months due to CIPA examinations. At Project's end, some 350 to 400 new potential members are qualified every 120 days.

4. New services and professional advice for members were initiated and implemented.
5. Regular communication with members was established.
6. The CIPA Ukraine Project actively supported UACAA in its aspiration to become an IFAC member. In the process of promoting IFAC standards, policies, and procedures, CIPA Ukraine Project funded the translation of IFAC documents into Ukrainian and Russian languages and assisted UACAA in IFAC Ethics Code implementation. In 2005, the IFAC Ethics Code was implemented by UACAA.
7. Due to the Project's efforts, UACAA has nearly completed the process of joining IFAC. UACAA's IFAC audit will be done in the third quarter of 2007, and it will join the IFAC as a full member in 2008 provided the results of the audit are positive
8. Significant Project assets were transferred to UACAA at the Project's completion that will prove beneficial to operations in the future.
9. UACAA obtained the rights to publish and sell certain CIPA textbooks for profit.
10. CIPA training became a major source of revenue, as did charges for CAP/CIPA certificates.

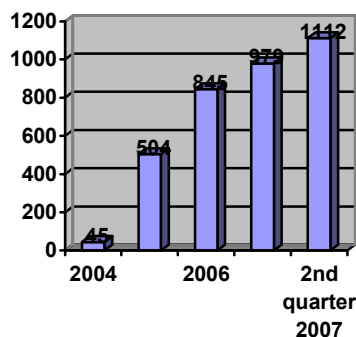
Currently UACAA offers following services to its members:

- CIPA trainings,
- selling books,
- consulting for members,
- human resources services,
- informational seminars,
- public events,
- publishing the newsletter "Tribune,"
- informational and congratulatory mailing, and
- informational support through the website.

The last expected result left to be achieved under this task is for UACAA to become a full member of IFAC. An application was filed in November 2006 for UACAA to obtain IFAC membership. IFAC required CAP 1 and 2 papers in March 2007 and UACAA completed them. Through self-funding, UACAA was able to support an audit and mentoring visit by the Institute of Chartered Accountants of Scotland (ICAS) to complete the ICAS support of UACAA membership. UACAA has conducted the negotiations with ICAS and planned the audit for September 2007. If the audit provides positive results, the UACAA will be an IFAC member in 2008.

The dynamic growth in membership is shown in Figure I, which charts the number of members who paid dues. With over 1,100 members, UACAA has become a financially sustainable organization (please see figure I for UACAA membership growth)

Figure I: UACAA Total Membership, 2004–2007



New Services for Members

- A UACAA newsletter (The Tribune) was created in electronic form and is distributed to all members on the last day of each month. The Tribune may be found on www.uacaa.org.
- A UACAA member on-line consulting service was implemented in the final quarter of the Project. Every month, one of the UACAA members (typically a consulting company) answers UACAA members' questions. This allows for positive exposure of UACAA to the general public and increases the benefit of dues payment for members.
- Agreements were signed with recruiting companies on mutual cooperation in searching for financial staff for companies. The recruiting companies provide UACAA with the hot job vacancies for distribution to UACAA members.
- A new dues structure was developed, differentiating among full members, associate members, and student members.
- UACAA will become the one-stop-shop for accountants, with different levels of membership.

Capacity Building

- UACAA moved to new office space, reducing rent expenses by 40 percent.
- The organizational structure was changed with the election of new executive officers in 2007. The new leadership is structured to improve member services and increase association revenues.
- Prior to Project completion, UACAA held board meetings at which the business plan, committee work plans, and strategic development plans were discussed and approved. UACAA and the Ukrainian Federation of Professional Accountants and Auditors (UFPAA) periodically meet to discuss issues of mutual concern and the advancement of professional qualifications and standards.
- A positive relationship between UACAA and the Ministry of Finance has developed and the two are now working in concert. A UACAA representative was appointed to the Methodological Council.
- Representatives of the Ministry of Finance actively participate in UACAA CIPA award ceremonies.
- Representatives of the Ministry of Finance actively solicit advice of UACAA on such issues as IFRS implementation strategy.

In autumn 2006, UACAA recommended some of its members for participation in a study tour offered by Project Harmony, a US based NGO. The goal of the study tour was to provide delegates with first hand knowledge on how US NGOs operate, services they provide, and other details related to NGO operations and governance. UACAA members who took part in the were Olena Stoyan from Donetsk, Sergey Okhotnik from Dnipropetrovsk, M. Vasiloy from Chernivtsy, S. Nazarenko from Zaporizzia, N. Antonyuk from Kherson, A. Azeran and O. Gramotenko from Kyiv. The study tour contributed significantly in the development of member services that UACAA provides.

TASK 2. STRENGTHEN AND BROADEN THE NETWORK OF CIPA TRAINING PROVIDERS ACROSS THE COUNTRY

The purpose of this task is to strengthen the capacity of the CIPA training providers to offer high-quality CIPA training services.

Expected Results:

All CIPA courses will be offered on a commercial basis in at least 16 oblasts.

Results:

The expected result of the project (i.e., training on a commercial basis in at least 16 oblasts) was achieved. By Project end, CIPA training was offered in 17 oblasts. Local Training Providers (LTPs) who received support in the past and were deemed sustainable gradually received less direct support from the Project. However, the Project continued to increase the number of LTPs throughout the Project lifespan. For example, in the final quarter of the Project, four new training providers were supported in three (Kyiv, Donetsk, and Lviv) oblasts with a library of textbooks. The library books are meant to be loaned to students. Students can purchase the borrowed textbooks directly from the library and the local training provider can replace the books by purchasing additional ones from vendors or a professional association such as UACAA. All remaining textbooks at the end of the Project were transferred to UACAA to support future training.

To ensure the successful long-term development of the CIPA program, we used the balanced approach in providing training. We estimated a minimal number of trainers needed to have the required number of CAPs that use training courses as their method of preparing for exams and also concentrated on providing trainers in at least 16 regions to have the required geographical coverage.

The project delivered seven “Training of Trainers” (TOT) seminars to eleven state organizations with over 160 participants. These government employees represented such offices as the State Commission for Regulation of Financial Services, the Ministry of Finance, and the National Bank of Ukraine. Additionally, the Project provided TOT to Odesa National Connection Academy, Odesa State Economic University, Kyiv Statistics Institute, Kyiv National Economic University, Kyiv Institute of Business and Technology, Kharkiv National Economic University, Lviv Commercial Academy, and Lviv National University.

Over the life of the Project, 41 training providers were established in 17 oblasts (Kyiv, Donetsk, Dnipropetrovsk, Lviv, Poltava, Khmelnytsky, Chernihiv, Luhansk, Kherson, Chernivtsi, Ivano-Frankivsk, Simferopol, Sevastopol, Odesa, Kharkiv, Mykolaiv, and Rivne). Approximately, 3,000 trainees participated in our trainings during the Project life. Participant numbers are from organizations that received support from the Project. LTPs that no longer were receiving Project support did not report their training numbers. However, given the increased number of professionals taking CAP and CIPA exams it can be inferred that LTPs continue to provide CAP and CIPA training.

TASK 3. ESTABLISH THE CIPA EXAMINATION NETWORK AS AN INDEPENDENT AND SUSTAINABLE ENTITY

The purpose of this task is to continue support of the Ukraine branch of the CIPAEN while helping it to become financially sustainable..

Expected Results:

CAP and CIPA exams will be conducted in accordance to the established exam schedule, while CIPAEN Ukraine will be fully self-sustainable and cover its operational costs through the collection of royalties and a portion of exam fees..

Results:

CIPAEN Ukraine has been recognized as a world class examination body, and has thus achieved its sustainability goal. The expected results of conducting exams in accordance with the CIPAEN exam schedule and becoming fully self-sustainable are nearly met. The Project assisted CIPAEN through the July exam but was not be able to assist with preparation and marketing of the final November exam due to the early completion of the Project. The exam fee for July exams increase by approximately \$9, the largest increase to date, to \$57. At the same time, registration for July exams was 1,714 exams, an increase of 48 percent from the previous year. The November exam fees were set at \$72. (Annex I shows the change in the fee schedule between May 02 and November 08.)

Improvements were introduced with each new exam session to generate trust of participants. New, visible security measures have been instituted, designed to further enhance candidates' confidence in the secure and confidential nature of the exam administration process. These include exams being delivered to the exam site in branded, secured bags that are sealed with zip ties containing a unique serial number. A candidate is invited to witness the breaking of the seal and opening of the exam packets and answer modules. After the exam, candidate "witnesses" are again involved in the process of packaging the exams and answer modules for delivery to the grading center and sealing these packets. The seals are signed by the witnesses.

CIPAEN has been consistent in mastering and implementing the computer grading system. This technology was initially tried out in the first psychological and professional testing of proctors before the July 2007 session. Afterwards, computer grading was implemented in the leasing certification. This approach makes it possible to automatically generate official exam results notification letters (pass/fail, score, weak/strong knowledge by section) for each candidate, as well as to quickly post full detailed exam results on participants' personal pages (on the exam day) of the website of an examining organization.

Possible transition of CAP-level exams to computer grading should be consistently discussed with the new CIPAEN management (and, probably, with the Eurasian Council of Certified Accountants and Auditors (ECCAA) management). If computer grading is approved, it would be gradually implemented in the CIPA program, where it will:

- improve significantly grading fairness of exams;
- improve significantly the quality of reporting;
- make grading much cheaper and reduce noticeably the cost of exams to candidates;
- set up and accumulate a full-fledged database of exam items that have been validated and tested in exams, which will make it possible, to a certain extent, to computerize the generation of new exams; and
- ensure the inexpensive administration of exams in national languages, which is becoming very important for some companies.

Because of this capability of computer grading, CIPAEN Ukraine is preparing for the possible introduction of multi-language exams in the future.

For the first time in the history of the CIPA program, participants from Belarus and Moldova registered online for exams and paid exam fees online.

92% of test participants who registered for CAP exams used CIPAEN.org.ua website to access their scores, a new record for the CIPAEN website. 48% of all exam registrations in November 2006 were completed on-line through CIPAEN website.

After grading of the July 2007 CIPA examinations, it is estimated that there are currently 102 CIPAs and 2,982 CAPs in Ukraine. The Project fell short of the optimistic targets at the beginning of the Project, i.e., to produce 200 new CIPAs and 3,000 new CAPs. However, if the Project had progressed through November 2007, these targets could have been met, particularly since after the July session there were an estimated 30 candidates who were one exam away from achieving CIPA certification and 112 candidates who were two exams shy of full CIPA status. It was also determined that there were 1,388 candidates one exam from CAP status.

The expected results of a fully sustainable examination network covering its operational costs through royalties and fees from the exam charges may have been achieved. The first step was to have CIPAEN Ukraine registered with the Almost \$100,000 in exam fees were collected in the July 2007 exam session alone, and annually this would amount to \$300,000, more than covering the cost of each exam.

A current disagreement with ECCAA over the ownership of the examination network and the trademarks may materially damage the program in the future if not resolved soon. The success of the program depends upon the public's perception of a reliable, rigorous, independent examination network.

Marketing expenses are a significant portion of CIPAEN operating expenses, and exam fee generation is dependent upon good marketing for exams. The four Ukrainian ECCAA members can help this effort by promoting the CIPA certification. Currently, none of the four really make an impact on exam participation as marketing and word of mouth have a bigger impact on the program.

CIPAEN Ukraine has branched out into other areas to create revenue streams, such as Certified Leasing Specialists exams, CIDA examinations, conducting CIPA exams in other countries (Belarus, Moldova, and Azerbaijan), modest revenues generated from printing, and other potential revenue streams to help cover the fixed costs of office staff and space.

TASK 4. INCREASE AWARENESS OF CIPA CERTIFICATION

The goal of this task is to help the CIPA program gain recognition by the profession, businesses, investors, and government.

Expected Results: *A minimum of an additional 3,000 CAPs and 200 CIPAs will be produced by the end of the project.*

Results:

Marketing and promotional activities throughout the Project were consistent and synergistic with methodologies developed from the third quarter when the marketing campaign we implemented in earnest. The activities progressed through a systematic and logical development. Educational articles were developed and publicized and the CIPA band campaign was promoted. The main media channels were press, internet, and radio.

Starting from August 2006, a new media marketing strategy was implemented (which spans from mid-August 2006 to July 2007). Media activity consisted of advertising on national radio. A cycle of eight 10-minute radio shows was utilized to raise awareness about the CIPA program.

Direct advertising (especially in the trade press) was one of the key vehicles in promoting the CIPA program. LTP representatives vocalized the need for more pro-active advertising of CIPA in the press (especially in accounting magazines like “Все про бухгалтерський облік”, “Бизнес. Бухгалтерия”, “Вісник податкової служби України”). Nearly half of the telephone calls to the CIPA hotline were a result of advertising in press; advertising on the internet resulted in the immediate increase of websites visits, thus increasing awareness of the CIPA program dramatically.

Using press and internet together creates a synergistic effect, both informing those who do not know about certification (through press) and helping those who are looking for continuing professional development to find the right information (on the internet).

CIPA advertising had two major target audiences—accountants and their managers. On the one hand, the Project needed to persuade professionals to participate in the program in order to improve or confirm their accounting qualifications. On the other hand, awareness of the CIPA program was needed to persuade managers to hire certified professionals, and also to upgrade skills of existing financial personnel. Human resources professionals also had to be reached in this respect.

In order for advertising to have significant results, it must have sufficient reach (the number of people reached by advertising) and frequency (number of contacts with each piece of advertising). Three main groups of messages that were “broadcast” through the selected media channels included:

- **image messages** (increasing recognition of the CIPA brand, connecting it to the well-known successful companies where CIPAs work);
- **educational messages** (mostly placement of articles explaining the need for certification, IFRS introduction issues, professional associations issues, CIPA success stories etc.); and
- **informative messages** (advertising for opening/close of the exam registration, LTP contacts etc).

The web component of the advertising also included an interesting and important tool - sponsored links on major Ukrainian and international search engines (google.com.ua, search.bigmir.net, meta.ua, and yandex.ru). The text advertising only appears for websurfers looking for specific keywords. On some

search engines (search.bigmir.net, meta.ua) not only text link appears, but also an animated banner featuring the CIPA image campaign.

The following channels were used for advertising:

2. **Press** – The most popular accounting and business publications, as well as publications for human resources professionals, managers, and general interest readers were used for reaching target audiences. For this purpose, dozens of titles were used, including both, magazines and newspapers, regional and global.
3. **Internet** –
 - Placement of advertising and PR materials (articles, press releases) on popular websites, including:
 - Business and finance websites (liga.net, times.liga.net, finance.ua, bin.com.ua etc)
 - Employment website (rabota.com.ua)
 - Accounting websites (buhgalteria.com.ua, DTKT.com.ua, etc)
 - General interest websites (korrespondent.net, epravda.com.ua etc)
 - Placement of web banners on the websites
 - Placement of news on financial, business-related websites
 - Use of direct e-mail services of those websites
 - Context advertising in search engines
4. **Direct mail** – In cooperation with CIPAEN Ukraine, the Project produced direct mailings on a regular basis—both via regular mail and e-mail. Purpose-specific material was created—newsletters, calendars, postcards, and other advertising materials. Many mailings have reached up to 8,000 recipients.
5. **Radio** – The CIPA certification program was featured in informational and educational radio programs on Ukrainian National Radio, which covers half the radio-listeners of Ukraine. This includes dozens of live radio shows.
6. **TV** - A 10-minute long TV show about CIPA certification was created and shown on National TV.
7. **Metro** – An advertisement in Kyiv metro was made, which resulted in boost of growth of Kyiv participants.

A number of other activities were undertaken, namely round tables, conferences, press tours, participation in exhibitions, collaboration with human resource agencies and professional associations, etc. Taking into account that the Project was shortened by one exam session cycle and that motivated candidates could have taken and passed one or two exams per session, it is feasible that the Project could have delivered an additional 200 CIPAs and 3,000 extra 3,000 CAPs. See Annex 2 shows the growth in CAPs and CIPAs in Ukraine by region, exam period, year, etc. It highlights the rapid growth and success of the program since the Project's inception. If current trends continue, this will be a very successful legacy for USAID and the local accounting profession.

The CIPA Image Campaign

In order to increase brand recognition and capacity, the Project developed the CIPA image campaign. The image campaign (though advertising pieces do contain specific information on training, registration, exams) was not expected to produce immediate “payback” in terms of increasing the number of people trained or registered for exams, but rather to generate a longer-term trust in the program, as independent, high-quality, international, and reliable certification.

The concept of the image campaign featured photos of CIPA-certified professionals, who work in the well-known, successful companies, and who occupy important and highly demanding positions within their organizations; displaying logos of CIPA and a respected company (well-known and highly recognized logo); and featuring a short success story of an image campaign participant.

From a technological point of view, the image campaign consisted of the following stages:

- selection of the campaign participants (CAP and CIPA-certified specialists);
- professional photo session with each participant;
- interview conducted with each participant – in which he or she tells about his/her career development, company he/she works in, peculiarities of the job, sphere of responsibilities, importance of IFRS implementation in Ukraine, CIPA certification program, and how the participant has benefited from it in terms of continuing professional development;
- preparation of the layout: photo of a participant, name, title “CIPA” position, name of the company, company logo, adapted text of the interview, brief information about CIPA certification;
- placement of the prepared layout in the leading business and trade press of Ukraine, full-page and half-page, full color, cover page where possible; and
- adaptation of the layout for the A4 leaflet format, A1/A2/A3 poster format, printing, distribution among CIPA Ukraine project partners: HEI’s, business training providers, professional associations, during special events organized by project (prospective).

Samples of the image advertising produced are shown in Annex 3.

Results of the promotion campaign

The number of website visitors increased by 234 percent in the Project’s final quarter (April – June 2007) compared to the same period in 2006, and reached its historical maximum number of page views per quarter (30,236 visitors/hosts and 159,418 page views/hits for a quarter). For samples of internet promotional activities please see Annex 4 and Annex 5 for the Marketing Plan Summary.

	April 06	May 06	June 06	July 06	Aug 06	Sept 06	Oct 06	Nov 06
Hosts	2,735	5,463	4,751	3,441	5,966	8,748	9,452	7,567
Hits	14,751	30,339	23,424	15,497	33,922	54,330	47,039	36,527

	Dec 06	Jan 07	Feb 07	Mar 07	April 07	May 07	Jun 07
Hosts	6,208	13,134	9,728	8,011	9,932	12,248	8,056
Hits	26,712	65,879	46,685	36,750	53,336	65,611	40,471

TASK 5. IMPROVE EFFICIENCY AND TRANSPARENCY THROUGH RECONCILIATION

The purpose of this task is to improve the efficiency and transparency of tax administration through tax and financial accounting reconciliation.

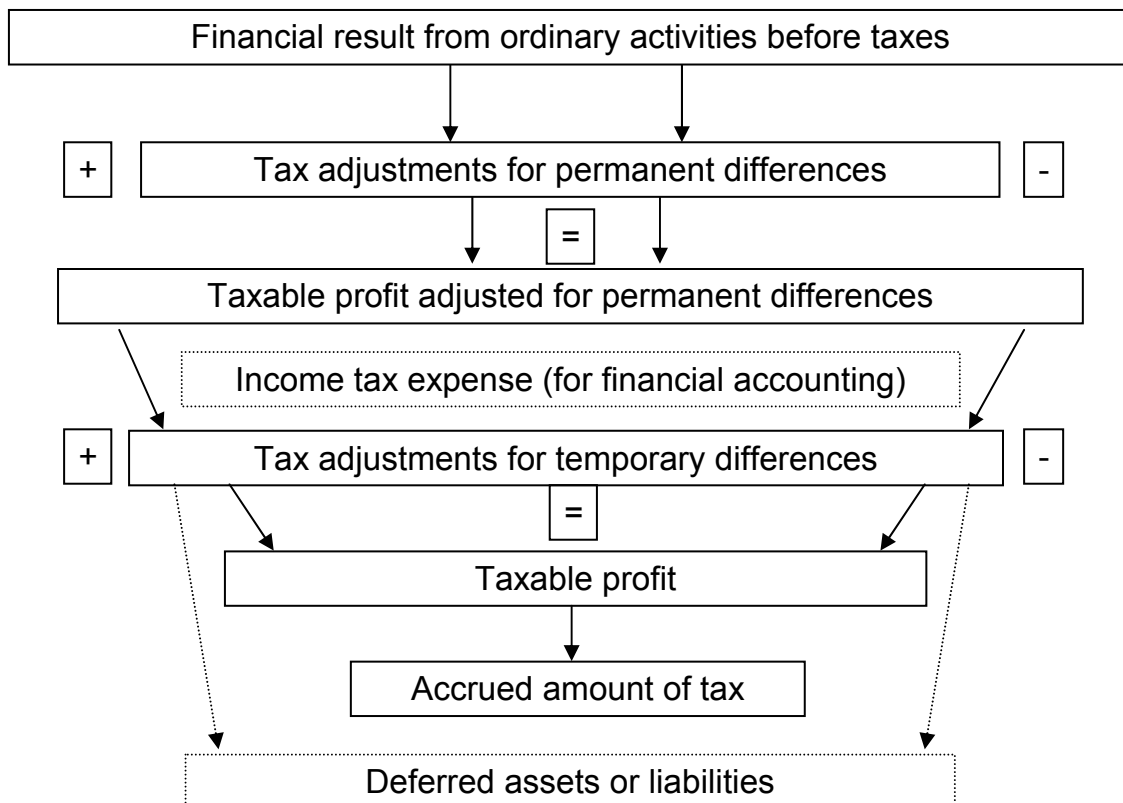
Expected Results:

Tax and financial accounting reconciliation methodology in the pilot enterprises will be implemented, and the competency of the State Tax Administration (STA) and Ministry of Finance (MOF) staff in IFRS-based financial accounting and in tax and financial accounting reconciliation will be enhanced.

Results:

The project was successful in implementing a tax reconciliation concept and form into the National Ministry of Finance's national accounting and reporting requirements in January 2007. Competency of STA and MOF staff in IFRS-based financial accounting and tax reconciliation was achieved through a CIPA program training, specific training of STA and MOF supervisors, and in conjunction with the Ministry of Finance's Department of Methodology, which was responsible for including tax reconciliation on the required financial reporting of entities.

To achieve the full reconciliation of financial accounting and tax reporting, it was proposed to reform the corporate profit taxation law in two areas. The first area represented a fundamental change in the concept of the income tax beginning point. The taxable beginning point should be the financial result of an enterprise's normal and ordinary activities before taxes according to the income statement showing the financial results as corrected for permanent and temporary differences. The practical application of this approach was developed; the diagram is an outline of the tax return.



The Ministry of Finance adopted reconciliation in the first quarter of 2007 for required enterprise financial reporting.

The second area proposed by the Project envisaged a more substantial revision of the company profit taxation law for the purpose of bringing tax accounting closer to financial accounting. However, the Project believed that, in any case, these two types of accounting will never be identical and there will always be a need to reconcile financial accounting and tax accounting data. It can be done through the tax return form proposed by the Project and adopted by Ministry of Finance. Undoubtedly, the content of the tax return will be changed to comply with changes in the corporate profit taxation law, but the approach should remain the same: from the financial result to taxable profit.

Tax and reconciliation methodology was implemented at three pilot enterprises: Mykolaivenergo, Naftokhimik, and Tysmenitsa. The Ministry of Finance published a tax reconciliation schedule in 2007 as a part of companies' reporting requirements to the Ministry. CIPA Ukraine continued its training, examination, and certification of candidates throughout Ukraine, enhancing the competence of accountants nationwide in financial reporting and tax reporting reconciliation.

SECTION III: Conclusion

Even with a 12 percent shortfall in obligated funding and an early completion of the Project, most objectives were achieved. Should the project have lasted the full duration, it is arguable that all the objectives would be achieved with the exception of IFAC membership to UACAA. However, this result is well underway and is due to be completed by 2008.

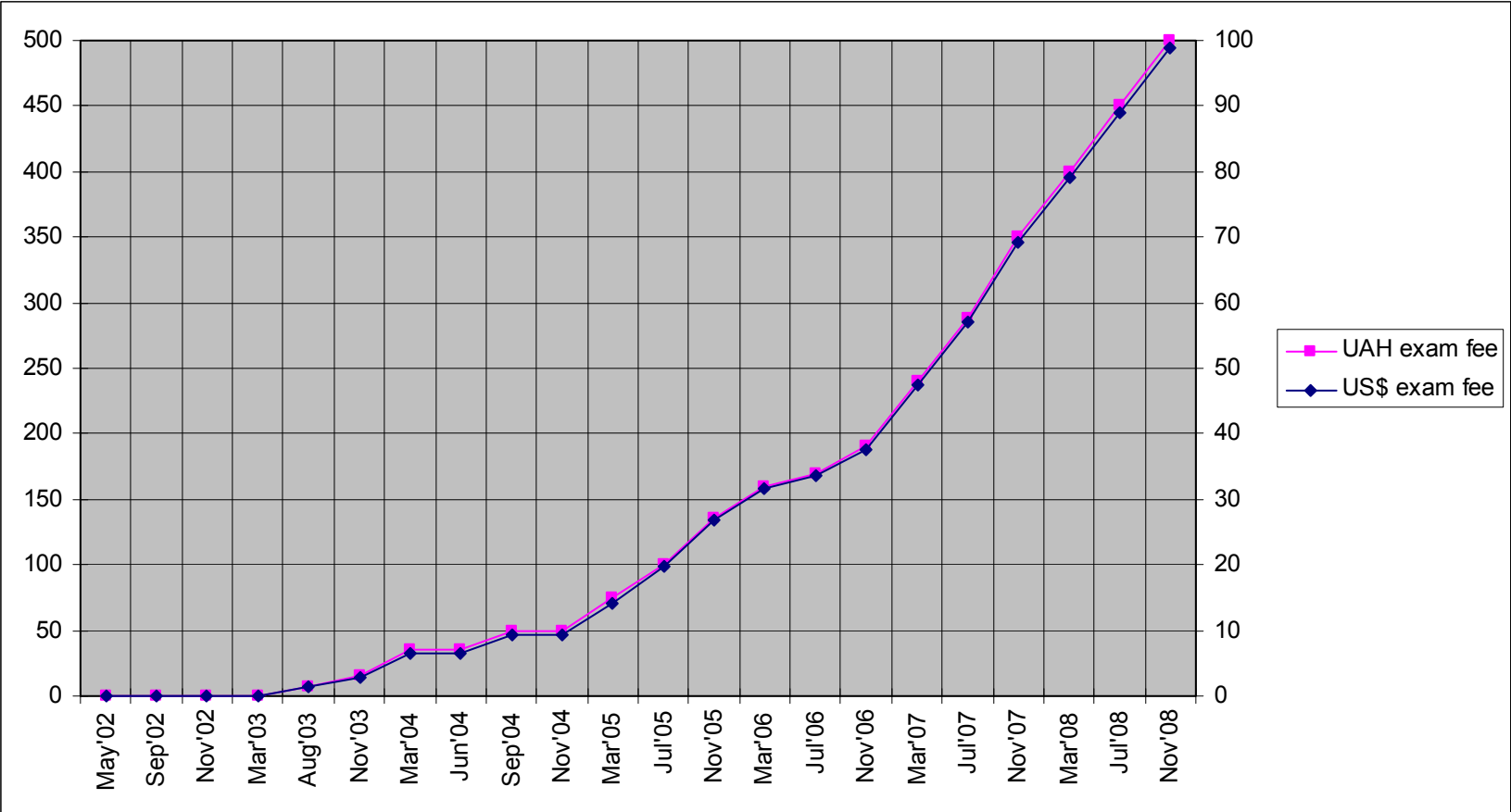
Key components of the project were affected by the early termination, with the greatest impact found in public information and training support. Due to earlier accomplishments, CIPA training is still being provided by LTPs and CIPAEN Ukraine is conducting examinations. November 2007 examination participation was high but there still needs to be some restructuring of CIPAEN Ukraine's parent organization – CIPAEN. UACAA will need to continue the TOT activities and public awareness campaign in order to increase its membership base.

For the first time in memory, the Government of Ukraine appears to genuinely support the adoption of IFRS in form and content. It is expected implementation will be complete by 2010.

ANNEXES

ANNEX 1. CIPA EXAM FEE HISTORY

Exam fee	Actual																	Forecast				
	May'02	Sep'02	Nov'02	Mar'03	Aug'03	Nov'03	Mar'04	Jun'04	Sep'04	Nov'04	Mar'05	Jul'05	Nov'05	Mar'06	Jul'06	Nov'06	Mar'07	Jul'07	Nov'07	Mar'08	Jul'08	Nov'08
UAH exam fee	0.0	0.0	0.0	0.0	7.5	15.0	35.0	35.0	50.0	50.0	75.0	100.0	135.0	160.0	170.0	190.0	240.0	288.0	350.0	400.0	450.0	500.0
US\$ xch.rate	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.32	5.31	5.31	5.28	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05
US\$ exam fee	\$0.0	\$0.0	\$0.0	\$0.0	\$1.4	\$2.8	\$6.6	\$6.6	\$9.4	\$9.4	\$14.2	\$19.8	\$26.7	\$31.7	\$33.7	\$37.6	\$47.5	\$57.0	\$69.3	\$79.2	\$89.1	\$99.0

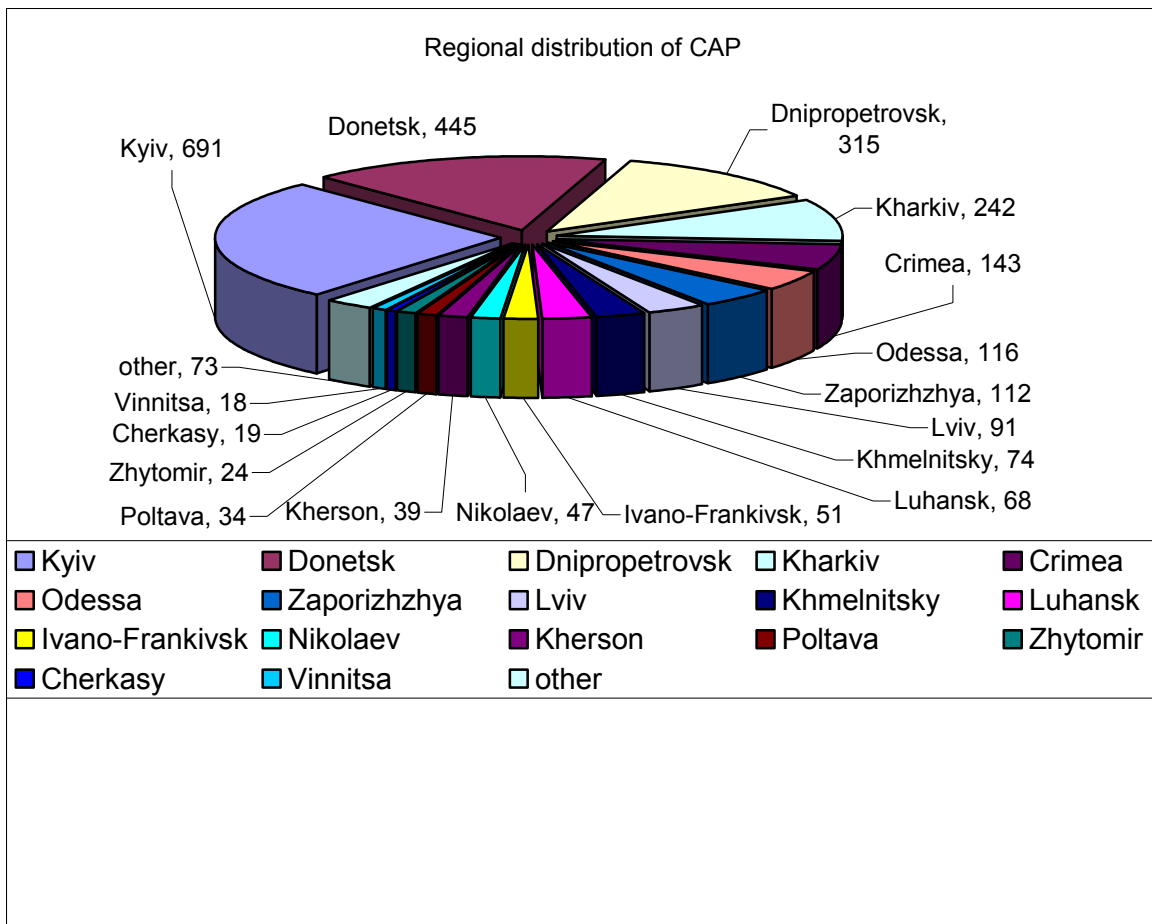


ANNEX 2. CAPS/CIPAS BY REGION AND EXAM DETAILS

CAPs by Region of Ukraine (based on demographic data available July 2007)

CAP's by Region

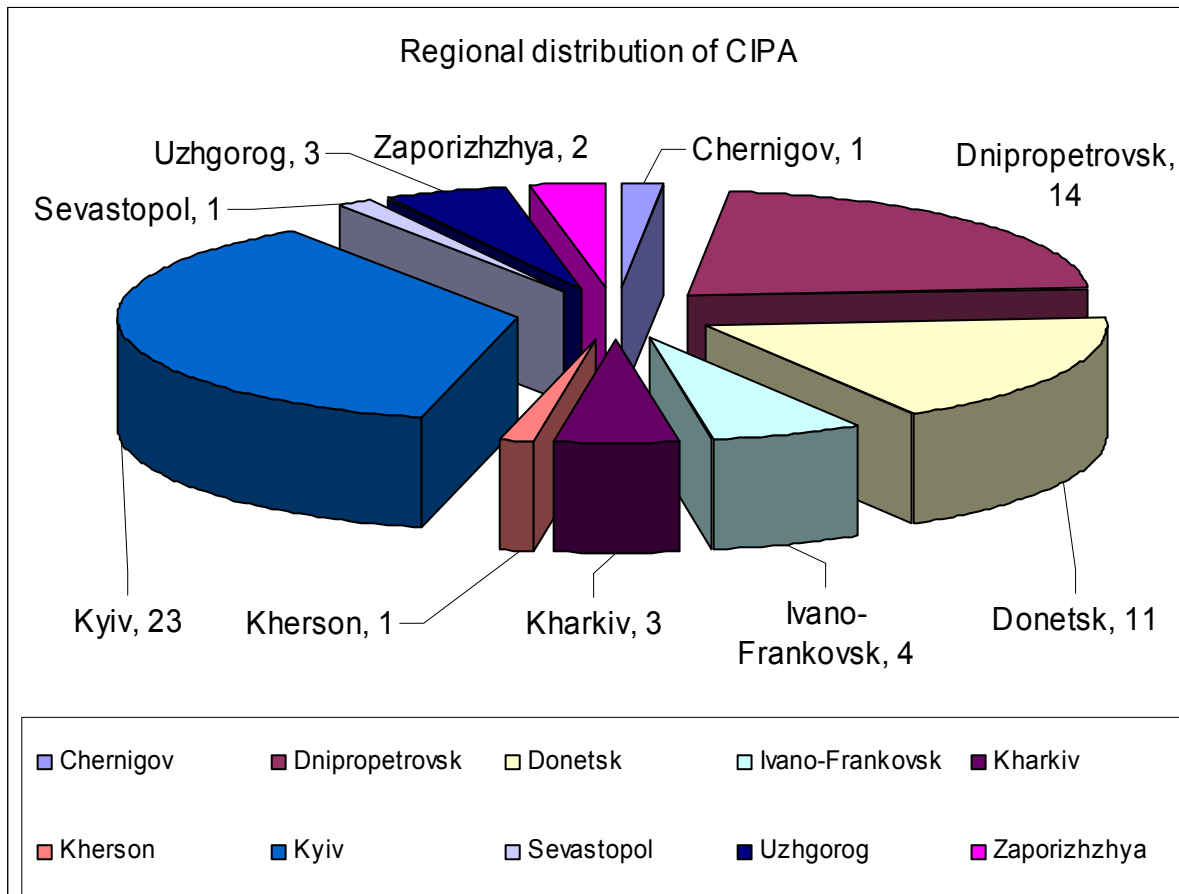
Region	CAP's
Kyiv	691
Donetsk	445
Dnipropetrovsk	315
Kharkiv	242
Crimea	143
Odessa	116
Zaporizhzhya	112
Lviv	91
Khmelnytsky	74
Luhansk	68
Ivano-Frankivsk	51
Nikolaev	47
Kherson	39
Poltava	34
Zhytomir	24
Cherkasy	19
Vinnitsa	18
other	73



CIPAs by Region of Ukraine (based on most recent demographic data July 2007)

Regional Distribution of CIPA

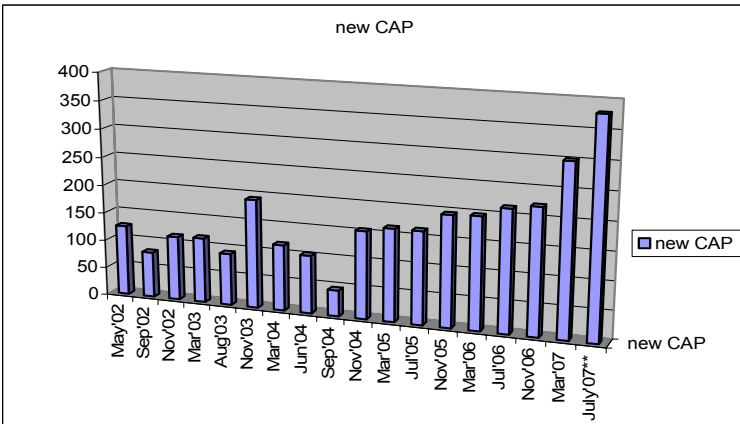
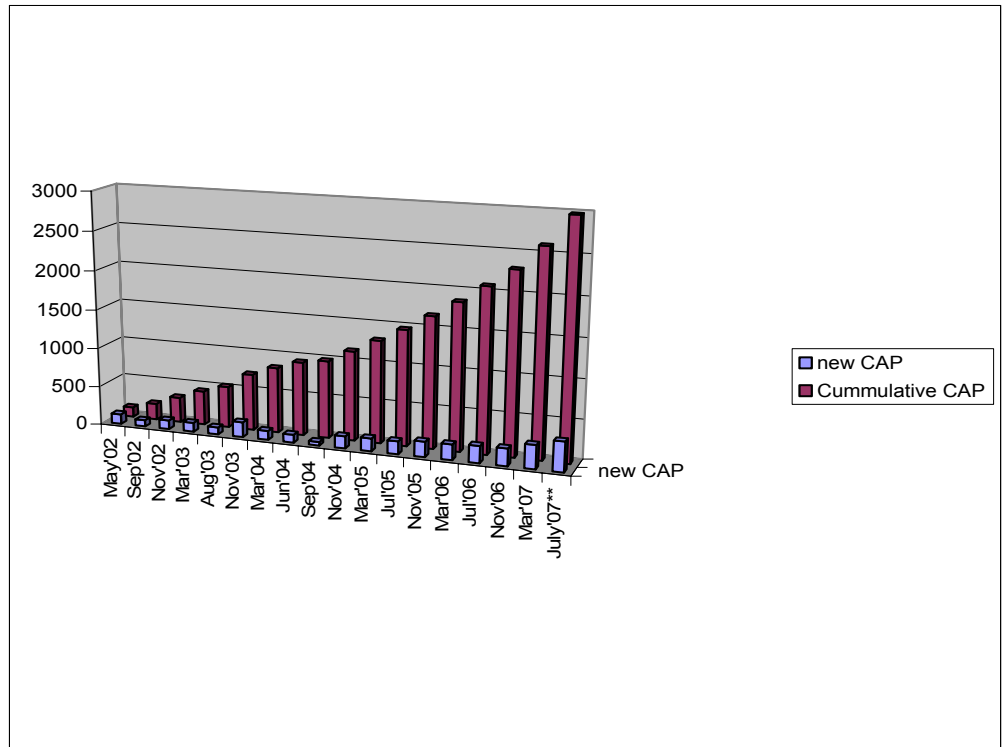
Region	CIPA
Chernigov	1
Dnipropetrovsk	14
Donetsk	11
Ivano-Frankovsk	4
Kharkiv	3
Kherson	1
Kyiv	23
Sevastopol	1
Uzhgorog	3
Zaporizhzhya	2



Total Number of CAP's per Exam Schedule (New per exam session and Cummulative)

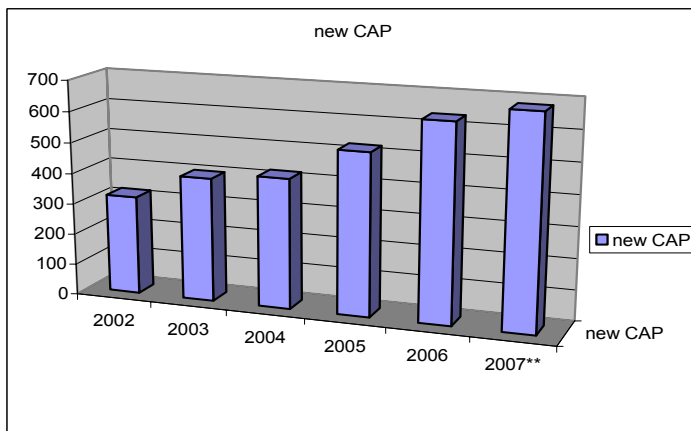
Session	new CAP	Cummulative CAP
May'02	125	125
Sep'02	81	206
Nov'02	114	320
Mar'03	116	436
Aug'03	92	528
Nov'03	193	721
Mar'04	117	838
Jun'04	103	941
Sep'04	46	987
Nov'04	155	1142
Mar'05	164	1306
Jul'05	164	1470
Nov'05	196	1666
Mar'06	198	1864
Jul'06	215	2079
Nov'06	222	2301
Mar'07	301	2602
July'07**	380	2982
Nov'07		

year	new CAP
2002	320
2003	401
2004	421
2005	524
2006	635
2007**	681



New Caps, by Exam

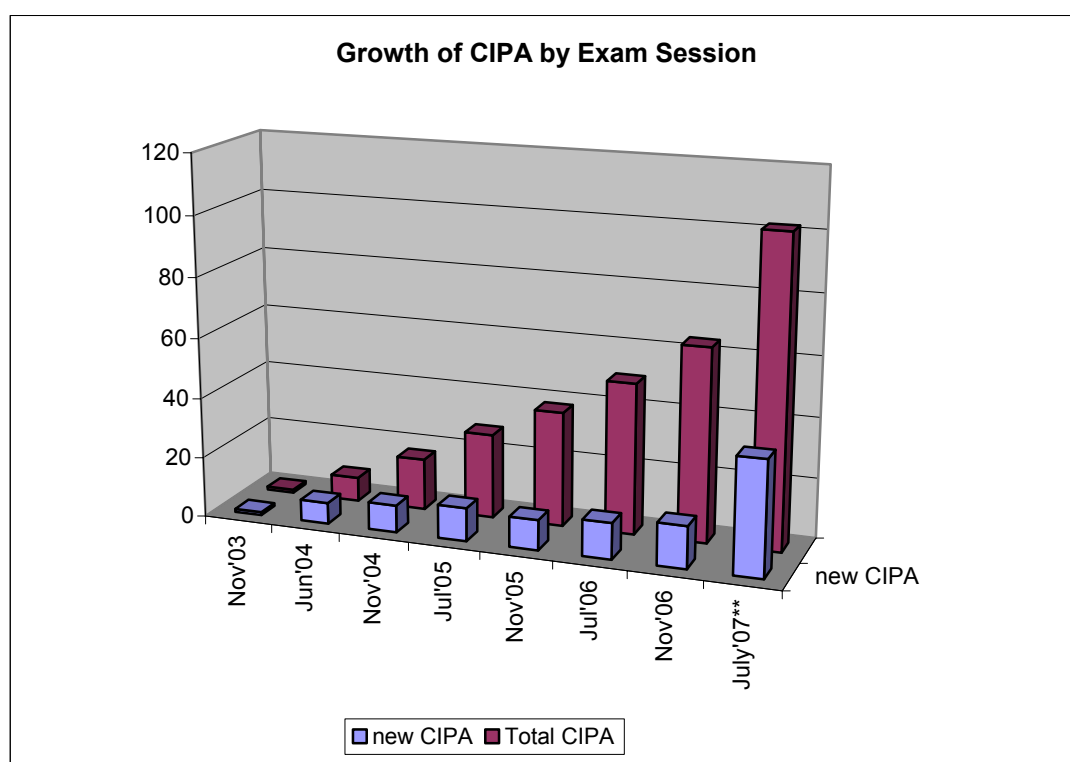
exam., March 2002-July 2007



New Caps, by year, 2002-2007

NEW CIPAs by Exam Session and Cummulative

Session	new CIPA	Total CIPA
Nov'03	1	1
Jun'04	7	8
Nov'04	9	17
Jul'05	11	28
Nov'05	10	38
Jul'06	12	50
Nov'06	14	64
July'07**	38	102



** Excludes results of November 2007 exam results

ANNEX 3. CIPA IMAGE CAMPAIGN

1. Oleg Bazaliysky

Mr. Bazaliysky, CIPA, is Financial Director of the leading paint-producing company – Caparol Ukraine, which belongs to the well-known international Caparol concern. Its annual turnover for 2005 is estimated to be 1 billion Euros. He is also a Board Member of the Ukrainian Association of Certified Accountants and Auditors.

Олег Базалійський, CIPA
Сертифікований міжнародний професійний бухгалтер.

Фінансовий директор ДП "Капарол Україна"

Член Ради Української асоціації сертифікованих бухгалтерів і аудиторів (УАСБА)

Якщо у вас є питання щодо цієї компанії на ринку лаковфарбовочних продуктів України. Міжнародний оборот компанії: 111 000 мільярдів євро. Це означає, що це велика компанія, для ефективного управління та високої якості / своєчасності її роботи, потрібні і мають забезпечуватися певні умови.

Сертифікований міжнародний професійний бухгалтер – одна з міжнародних роєвських програм сертифікації, заснована на міжнародних стандартах та українському законодавстві, є формальним показником професійної бухгалтерії, фінансового менеджера, аудитора.

Виконання телефонна гаряча лінія в 800 502 41 20 в 800 50 CIPA O

WWW.CIPA.ORG.UA
(інформація про навігацію, сканувати QR-код)

Заступити на Меморандум створення фінансової звітності

International Financial Reporting Standards™

2. Olena Turiy

Ms. Turiy, CIPA, occupies the position of Trainer-Consultant in the Deloitte Academy in Kyiv. She conducts both open and corporate trainings on IFRS both in Ukraine and in Russia. Specifically, she is carrying out CIPA program training for TNK-BP financial personnel in Moscow.

Олена Турій, CIPA
Сертифікований міжнародний професійний бухгалтер.

Тренер-консультант Академії Делойт в Україні

Член Української асоціації сертифікованих бухгалтерів і аудиторів (УАСБА)

Завдяки Київській офісу Делойт працюють більше 300 акредитованих фахівців. Академія Делойт проводить на ринку Схід відомі на міжнародній рівні програми з питань управління інформаційними технологіями.

Інформація в сфері фінансів є дуже важливою для компаній. Олена Турій веде спеціальні тренінги міжнародних стандартів. Ці тренінги допомагають компаніям зрозуміти і впровадити міжнародні стандарти фінансової звітності та фінансової інформації.

Якщо ви бухгалтерський фахівець, менеджер, аудитор, професійний працівник, який працює в компанії, вам слід знати, що це означає.

Своїм успіхом і задоволенням сертифікаційної програми CIPA.

Сертифікований міжнародний професійний бухгалтер – одна з міжнародних роєвських програм сертифікації, заснована на міжнародних стандартах та українському законодавстві, є формальним показником професійної бухгалтерії, фінансового менеджера, аудитора.

Виконання телефонна гаряча лінія в 800 502 41 20 в 800 50 CIPA O

WWW.CIPA.ORG.UA
(інформація про навігацію, сканувати QR-код)

Заступити на Меморандум створення фінансової звітності

International Financial Reporting Standards™

3. Sergiy Shulga

Mr. Shulga, CIPA, is Merger and Acquisition Manager at the Golden Telecom communications company. He advanced to this position from the Internal Auditor position, when he was implementing SOX 404 requirements. Now he is responsible for compliance with international standards of the newly bought regional telecom company. He plans to send the financial personnel of this company to CIPA trainings.

Сергій Шульга, CIPA
Сертифікований міжнародний професійний бухгалтер

Менеджер з лізита та поглинання, Golden Telecom

Член Української асоціації сертифікованих бухгалтерів і аудиторів (УАСБА)

Golden Telecom — провідний український провайдер інтернетових телекомунікаційних послуг, входить у холдинг Golden Telecom Inc. (NASDAQ: GLTW). У 1999 році

Сертифікований міжнародний професійний бухгалтер — єдина міжнародна розроблена програма сертифікації, заснована на міжнародних стандартах та українському законодавстві, є формальним посвідченням професійності бухгалтера, фінансового менеджера, аудитора.

Регістрація на основі екзаменаційної оцінки відкрита з 5 вересня по 6 жовтня 2008 року
Участь в одному спліт-екзаміні 150 гривень.
До 20 жовтня: плата за реєстрацію (220 гривень за один екзамен).

Екзамен: 17-20 листопада
Київ, Харків, Львів, Донецьк, Дніпропетровськ, Одеса.

Безкоштовна телефонна гаряча лінія
8 800 552 47 20
8 800 50 CIPA 0

Заступити на Мережових стандартах фінансової звітності

WWW.CIPA.ORG.UA
(інформація про навчання, іспити та сертифікацію)

International Financial Reporting Standards®

4. Olexandra Matveychuk

Ms. Olexandra Matveychuk, CIPA, is Chief Accountant at Franke Ukraine. Franke Concern consists of 84 companies in 41 countries. Its annual turnover for 2005 is estimated to be US\$1.5 billion.

Олександра Матвейчук, CIPA
Сертифікований міжнародний професійний бухгалтер

Головний бухгалтер Франке Україна

Член Української асоціації сертифікованих бухгалтерів і аудиторів (УАСБА)

Франке Україна — дочірня компанія німецького підприємства світового лідера з виробництва кухонних обладнання. Компанія Франке складається з 84 компаній, що розповсюджені в 41 країні світу. Сьогодні компанія має 1,5 мільярдів доларів річної продукції переважно в США.

Головною метою нашої компанії — створити відповідність, обслуговувати міжнародні стандарти, дотримуватися міжнародних бухгалтерських стандартів, постійний внутрішній контроль.

Ми знаємо та надаємо в області фінансового та управлінського обліку допомогу, мейн-меню та професійні консультації і знання.

Своїм рішенням вступити до сертифікаційної програми CIPA.

Сертифікований міжнародний професійний бухгалтер — єдина міжнародна розроблена програма сертифікації, заснована на міжнародних стандартах та українському законодавстві, є формальним посвідченням професійності бухгалтера, фінансового менеджера, аудитора.

Регістрація на основі екзаменаційної оцінки відкрита з 5 вересня по 6 жовтня 2008 року
Участь в одному спліт-екзаміні 150 гривень.
До 20 жовтня: плата за реєстрацію (220 гривень за один екзамен).

Екзамен: 17-20 листопада
Київ, Харків, Львів, Донецьк, Дніпропетровськ, Одеса.

Безкоштовна телефонна гаряча лінія
8 800 552 47 20
8 800 50 CIPA 0

Заступити на Мережових стандартах фінансової звітності

WWW.CIPA.ORG.UA
(інформація про навчання, іспити та сертифікацію)

International Financial Reporting Standards®

5. Inna Bryndzia

Inna Bryndzia, CAP, Department Chief, Ukrkazvydobuvannya, Naftogaz Ukraine. Ukrkazvydobuvannya, a subsidiary of Naftogaz Ukraine, was established in 1998. This is the largest natural gas producer in Ukraine. As Chief of the Bank Transactions Department, Inna is responsible, among other things, for analyzing cash flows, which helps ensure that the company remains solvent.

Інна Бріндізя, CAP
Сертифікований бухгалтер-практик

Начальник відділу ДК "УкрГазвиробування" НАК "Нафтогаз України"

Член Української асоціації сертифікованих бухгалтерів і аудиторів (УАСБА)

ДК "УкрГазвиробування" НАК "Нафтогаз України"

Сертифікований міжнародний професійний бухгалтер – одна міжнародна уніфікована розроблена програма сертифікації бухгалтерів, фінансових менеджерів, аудиторів.

Регістрація на всьому світовій конференції відбулася з 3 січня по 9 лютого 2007. Участь в арбітражі коштує 240 грн. До 23 лютого – плюс розрахунок, один квиток – 270 грн.

Безкоштовна телефонна гаряча лінія 8 800 505 47 20 8 800 50 CIPA ©

[WWW.CIPA.ORG.UA](http://www.cipa.org.ua)
(інформація про навчання, склади та сертифікацію)

Дякуємо за участь у Міжнародній асоціації професійних бухгалтерів (International Practical Reporting Standards)

6. Tetyana Yartseva

Tetyana Yartseva, CAP, Lead Accountant, Lukoil Ukraine. Lukoil is the second biggest private oil company in the world by the amount of proven reserves of carbohydrates. She prepares international financial reports. She also analyzes and summarizes economic information about the company's activities, assets, cash flows, and financial performance.

Тетяна Ярцева, CAP
Сертифікований бухгалтер-практик

Повний бухгалтер ПП "Лукойл-Україна"

Член Федерації професійних бухгалтерів і аудиторів України

Лукойл – це друга найбільша приватна нафтова компанія в світі за обсягом доказаних запасів вуглеводнів.

Вона стала першою російською компанією, якаїї податковий режим встановлено на ліцензійній фінансовій біржі, що забезпечило високий рівень прозорості, надійності розкриття інформації і дотримання наданої фінансової звітності за міжнародними стандартами.

На посаді повного бухгалтера в найбільшому приватному міжнародній фінансовій компанії, яка є міжнародно стандартизованою пропозицією на високому підприємстві.

Групується на дванадцять і аналізує історично економічну інформацію про види діяльності підприємства, його майновий стан, прибуток, розширення ринків, фінансові результати.

Своїм успіхом та належною сертифікаційній програмі CIPA

Сертифікований міжнародний професійний бухгалтер – одна міжнародна уніфікована розроблена програма сертифікації бухгалтерів, фінансових менеджерів, аудиторів.

Регістрація на всьому світовій конференції відбулася з 3 січня по 9 лютого 2007. Участь в арбітражі коштує 240 грн. До 23 лютого – плюс розрахунок, один квиток – 270 грн.

Безкоштовна телефонна гаряча лінія 8 800 505 47 20 8 800 50 CIPA ©

[WWW.CIPA.ORG.UA](http://www.cipa.org.ua)
(інформація про навчання, склади та сертифікацію)

Дякуємо за участь у Міжнародній асоціації професійних бухгалтерів (International Practical Reporting Standards)

7. Iryna Rudina

Iryna Rudina, CAP, Chief Financial Officer, Unitrade-Melophone Group, AVentures Group Ltd. In 2006, the holding's turnover amounted to US\$1 billion.

Ірина Рудіна, CAP
Сертифікований бухгалтер-практик



Фінансовий директор групи Компанія Мелоді, ТОВ AVentures Group

Член Української асоціації сертифікованих бухгалтерів (аудиторів ІАУСГА)

Холдинг AVentures Group з'явився в березні 2004 року в результаті реструктуризації групи компаній Unitrade, City.com, Melofon, Direct Line, Ukolon, Fininvest Media. У 2006 році оборот холдингу склав 1 мільярд доларів.

Кількість працівників холдингової групи об'єднаних однією міжнародною компанією. Такі ж основні фактори успішного розвитку компанії: професійні знання та міжнародні стандарти бухгалтерії. В асоціації, що мав пріоритетне право на членство в ІАУСГА, Ірина Рудіна пройшла сертифікацію CAP.

Зараз на ринку відсутній перелік сертифікованих бухгалтерів, сертифікати CAP ІАУСГА дуже потрібні. І саме завдяки сертифікату в асоціації вдалося знайти роботу в AVentures Group.

Отримавши знання та досвід щодо в своїй роботі фінансової роботи. Також, я намагаюся стимулювати роботу на рівні, у мене проводяться семінари. Завдяки CAP, я постійно отримую нові знання про роботу в високому рівні знань.

Своєю успішністю та професійним розвитком я завдячую програмі CAP.





* Сертифікований міжнародний професійний бухгалтер – це найвищий рівень професійної кваліфікації бухгалтерів, фінансових менеджерів, аудиторів.

Терміни до літньої семінараційної сесії (20 червня – 2 липня 2007) починаються у квітні 2007.

Участь в іспиті коштує 250 грн. з ПДВ.

WWW.CIPA.ORG.UA (інформація про навчання, іспити та сертифікацію)

Зміст базується на Міжнародних стандартах фінансової звітності

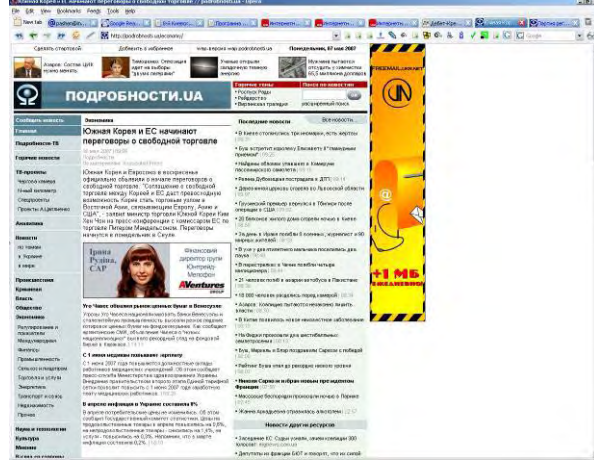
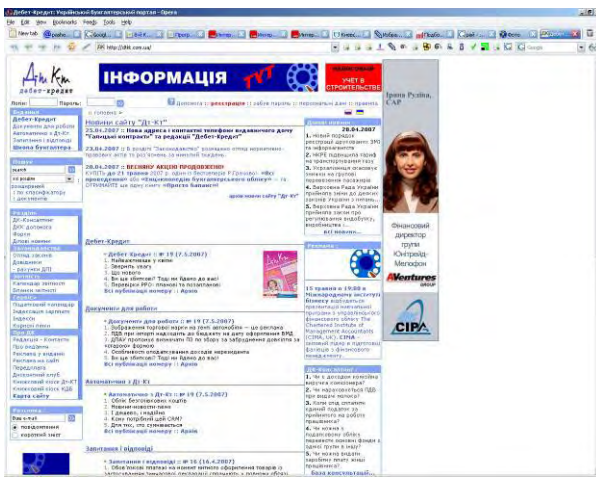
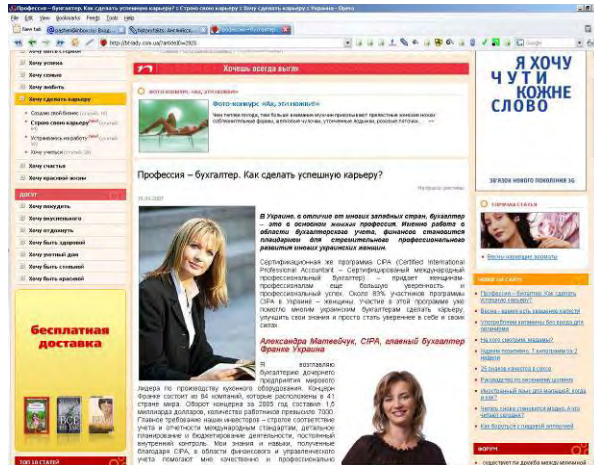


International Financial Reporting Standards™

USAID CIPA-Ukraine Project, implemented by The Pragma Corporation – Final Report

26

ANNEX 4. SAMPLES OF WEB PROMOTION MATERIALS (SCREENSHOTS)



ANNEX 5. CIPA MARKETING PLAN SUMMARY

CIPA Ukraine will capitalize on CIPAEN Ukraine’s comprehensive database of CIPA participant characteristics, exam results, levels of training participation, membership in associations, and results of exit surveys. This information provides the project with a unique opportunity to conduct targeted marketing activities.

CIPAEN Ukraine data indicate that producing one CAP qualifier requires three candidates who, on average, each attempt three examinations. CIPA Ukraine believes that implementation of the project workplan elements will improve the ratio of CAP candidates to certified CAPs.

CIPA Ukraine will identify appropriate mailing lists and other sources of targeted direct-mail efforts. Based on data available from CIPAEN Ukraine, the Project will plan to target the following audiences as part of its marketing plan:

	<u>Universe</u>	<u>Penetration</u>	<u>Candidates</u>
Existing candidates	2,600	40%	1,040
Students	10,000	10%	1,000
Enterprise accountants	100,000	4%	4,000
Other (SME owners, educators, financial mgrs, government regulators, etc.)			<u>1,500</u>
	Est. total candidates		<u>7,540</u>

The CIPA Ukraine Project will initiate penetration of these markets in year one, and anticipates achieving these targets by the end of year two. The project will also consider other advertising activities such as:

- identifying major universities at which to hang posters;
- sponsoring key conferences at which to distribute pamphlets; and
- posting advertisements in accounting and business publications.

The project will also make extensive use of unpaid channels of awareness and promotion. For example, CIPA Ukraine will:

- assist local partners with drafting press releases at significant events (e.g., CAP/CIPA milestones and graduations), and arranging interviews and profiles in leading publications;
- coordinate with the Business Education Alliance to identify joint marketing and promotion opportunities; and
- coordinate with international accountancy bodies (e.g., ACCA) to identify joint marketing and promotion opportunities.

The CIPA Ukraine project believes that these marketing activities, together with applicable electronic data processing tools and techniques, will accomplish the marketing objectives of the project.