



# CENTRAL BANK OF PARAGUAY

Process of Transition to International  
Financial Reporting Standards (IFRS)  
Experience of the Central Bank of  
Paraguay

XVII Meeting of Accounting and  
Budgeting Aspects of Central Banking  
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# BACKGROUND

- ❖ Law Nr. 489/95 "Organic law of the Central Bank of Paraguay".
- ❖ Approximately, since 2008, most Latin American countries have adopted International Financial Reporting Standards (IFRS).
- ❖ Observing the regional situation, the BCP decided to make a qualitative leap in terms of increasing the usefulness, quality, reliability and comparability of its financial information in general through the adoption of a sound accounting framework, based on the International Financial Reporting Standards (IFRS) applicable to the Bank, and subject to central banking accounting best practices.



# BACKGROUND

- ❖ The beginning of the adoption of International Financial Reporting Standards (IFRS), in those aspects that are not contrary to local provisions began on September 13, 2016, through a reimbursable advisory services (RAS) agreement between the Central Bank of Paraguay and the International Bank for Reconstruction and Development (World Bank).
- ❖ In 2018, the charter was amended through the Law Nr. 6104 which "MODIFIES AND EXTENDS LAW Nr. 489/95 "ORGANIC LAW OF THE CENTRAL BANK OF PARAGUAY" which incorporates the best international practices currently in force.



# CURRENT SITUATION IN PARAGUAY WITH RESPECT TO IFRS

The absence of professional accounting standards in the Republic of Paraguay makes the profession not having a homogeneous position with respect to the criteria for the valuation of assets and liabilities and the form of exposure of an entity's financial information.

It is necessary to establish technical accounting standards, as a first step towards the widespread application of international financial reporting standards, and to provide professionals in the use of an IFRS technical aligned standard.

The official path was made by the Ministry of Finance with the adoption of NICSPs at a country level. It was officially started with the Resolution Nr. 262/2015 authorizing the beginning of the process of studying, approving and implementing the National Accounting Standards harmonized with International Public Sector Standards (NICSP) and International Financial Reporting Standards (IFRS).

The Central Bank of Paraguay, as a model institution in the country, decides to adopt the international reference framework that will provide financial information according to common global criteria and standards. The BCP seeks to give an example to the financial system and the economy in the value of adopting accepted international accounting standards.



# BEGINNING OF THE CONVERGENCE PROCESS

The convergence process begins when the Central Bank of Paraguay signs the RAS I and II conventions, that consist on a first stage in a work to assess the current situation of the BCP, in terms of accounting and financial information, considering the applicable legal and regulatory provisions, mainly focused on identifying and analyzing the following aspects: (i) legal and regulatory provisions related to the process for the development of accounting standards; (ii) an analysis of gaps between the main BCP macro-processes that have implications for the conduct of accounting records. A second step consisted of helping the BCP in the IFRS transition process, and preparing for the implementation of the new GRP management system.

In this convergence process, the support of the International Monetary Fund (IMF), over the years and the experience of other peer countries in the region for the Central Bank of Paraguay (BCP) has been essential, which has made significant progress towards the implementation of the International Financial Reporting Standards (IFRS).

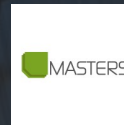
In 2018, the Board of The Central Bank of Paraguay approved the "PLAN OF IMPLEMENTATION OF THE INTERNATIONAL ACCOUNTING BEST PRACTICES APPLIED TO CENTRAL BANKING" whose objective is to adopt a solid framework, based on the International Financial Reporting Standards (IFRS) applicable to the Bank, and subject to the accounting best practices of central banking.



# STAGES OF THE IFRS TRANSITION PROCESS



RAS I y II – World Bank Advisory  
2016 - 2018



BCP Personal Training – Diploma in FULL  
IFRS and ICAEW Certification –  
MASTERS LATAM  
2018 -2019



Technical Visit Central Bank of Chile  
2019



Training in courses and seminars of  
CEMLA and World Bank.  
Internships at Central Banks.  
2014 - 2020



IMF Technical Assistance  
2016 - 2021



# STAGES OF THE IFRS TRANSITION PROCESS

1. **Reimbursable Advisory Services (RAS I) - WORLD BANK.**
  - **Analysis and diagnosis of accounting gaps**
  - **Presentation of IFRS Implementation Strategy**
2. **Reimbursable Advisory Services (RAS II) - WORLD BANK.**
  - **IFRS Transition Action Plan**
  - **Training**
3. **Masters Latam Online Course (Colombia): Diploma in Full International Financial Reporting Standards - ICAEW Certification.**
4. **Technical Visit of the Central Bank of Chile – Review of items to be adjusted in the convergence process.**
5. **Technical Missions of the International Monetary Fund.**
  - **Assessment of the situation of the BCP**
  - **Recommendations for changes in accounting policies and procedures**
6. **Different staff trainings from the Accounting Department with courses, seminars and internships at the central banks in the region.**

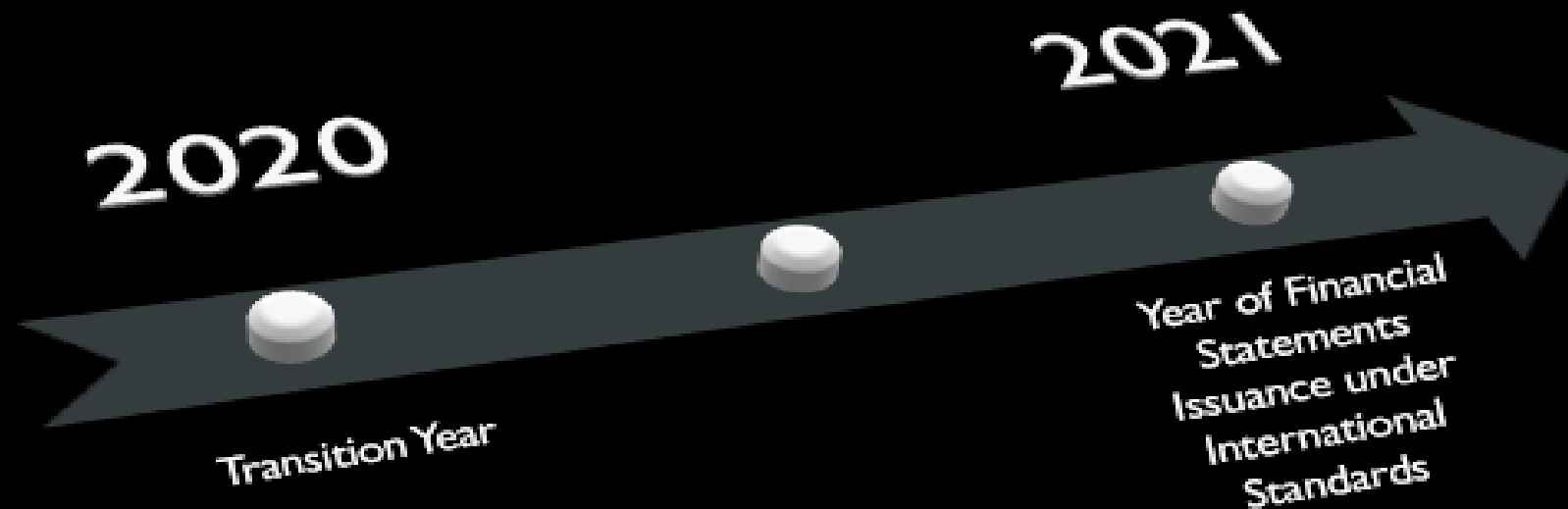




# PROPOSED GENERAL CRITERION FOR THE CENTRAL BANK OF PARAGUAY

The accounting statements of the BCP will be prepared, in accordance to the best practices based on International Financial Reporting Standards (IFRS), as applicable to the Central Bank of Paraguay, with the Board of Trustees of the Institution, in the use of the powers set out in the Bank's Organic Charter, if necessary, to issue its own accounting policies. In addition, the legal provisions affecting the Administration of State Assets, Law Nr. 1535/99 on State Financial Administration and Decree 20132/03, concerning to the Manual of Rules and Procedures for the Administration, Use, Control, Custody, Classification and Accounting of State Property.

# TIMETABLE FOR TRANSITION TO IFRS AT THE BCP



# ACTIVITIES RELATED TO THE ADOPTION OF IFRS AT THE BCP

- ❖ Training and workshops with International Organizations (World Bank, International Monetary Fund).
- ❖ Preparation of Accounting Technical Notes.
- ❖ Joint work with the areas involved for the adoption of IFRS 9.
- ❖ Preparation of Accounting Policies based on the criteria set out in the International Financial Reporting Standards applicable to the Bank, and subject to the accounting best practices of Central Banking.
- ❖ Preparation of Financial Statements under standards set out in the International Financial Reporting Standards applicable to the Bank, and subject to the accounting best practices of Central Banking.
- ❖ Preparation of The Notes to Financial Statements under standards set out in the International Financial Reporting Standards applicable to the Bank, and subject to the accounting best practices of Central Banking.

# MAIN IMPACTS OF THE CONVERGENCE PROCESS

Adaptation to the new Accounting Language based on International Standards

Modifications in the Chart of Accounting Accounts and Accounting Policies

Preparation of IFRS Financial Statements applicable to the Bank, and subject to Central Banking's accounting best practices.

Modifications in the revelations in the Notes to Financial Statements

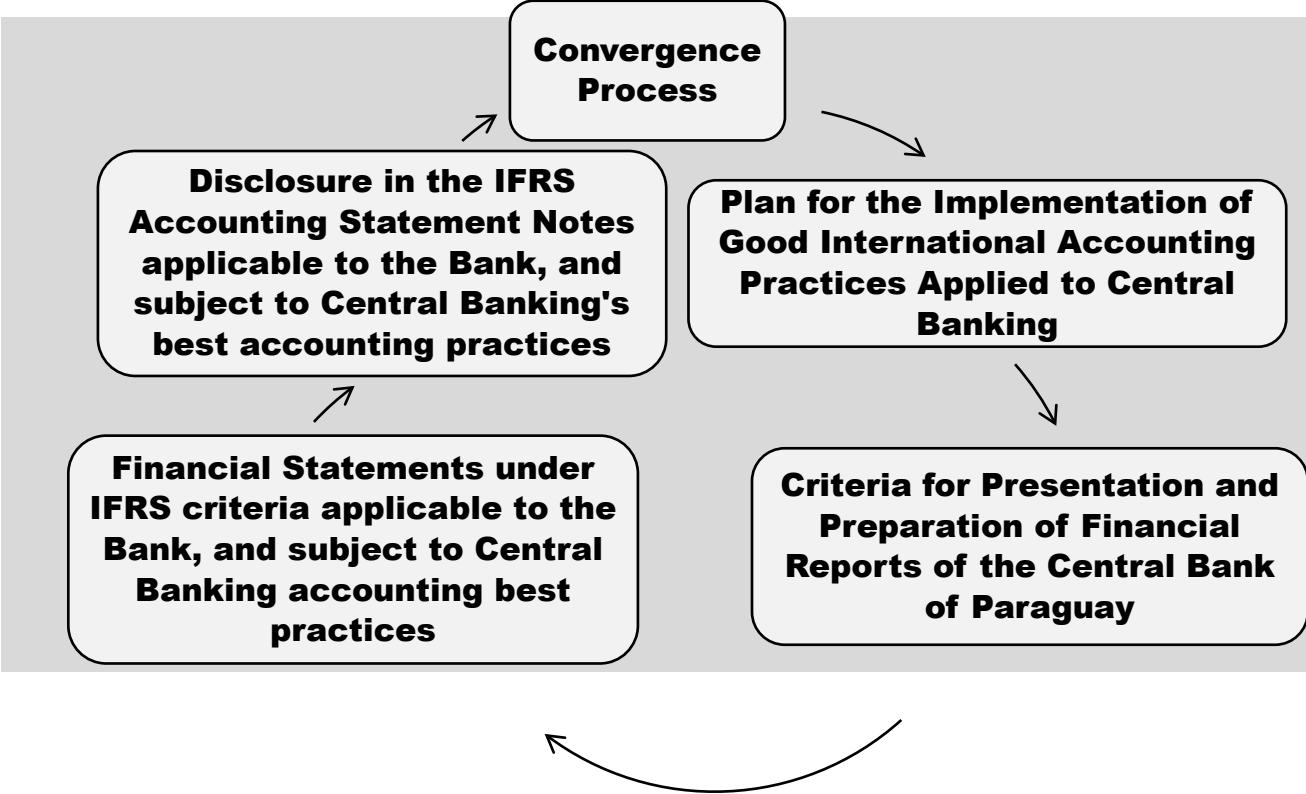
Impact on information systems and procedures



# PROJECTED SITUATION



IFRS applicable to the Bank, and subject to Central Banking's best accounting practices





THANK YOU FOR  
YOUR ATTENTION!

QUESTIONS OR ADDITIONAL  
INFORMATION, PLEASE WRITE TO THE  
FOLLOWING MAIL:

Rocio Martinez:

[rmartinez@bcp.gov.py](mailto:rmartinez@bcp.gov.py)

