

Accounting Certification in the Former Soviet Union and Its Importance to the Energy Sector

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Introduction

Transition economies are competing to attract foreign capital, which is needed to spur economic growth and development. The need for foreign direct investment (FDI) is especially critical in the energy sector, since this sector is potentially one of the most profitable and one segment of the economy where substantial growth might take place, given the proper set of circumstances.

One major obstacle to attracting FDI is the lack of credible financial statements. International investors are extremely hesitant to make major investments in a company that does not follow some set of internationally recognized financial reporting rules and that does not have its financial statements certified by an accountant who possesses some internationally recognized accounting certification. Yet such certified accountants are very few in number, and those who do exist may not be in a position to certify financial statements, since only accountants who work in independent public accounting firms can perform this function. Economic growth and development are thus being retarded by the lack of credible certified accountants.

The accounting profession in transition economies has been undergoing a rapid and sometimes traumatic modernization or transformation since the fall of the Berlin Wall in 1989. It would not be too much of an exaggeration to say that the profession in these countries is being dragged, kicking and screaming, into the twenty-first century.

Rapid changes are taking place in several segments of the accounting profession. As centrally planned systems are being replaced by market based systems, whole new sets of rules must be adopted and learned. Accountants must also change their mind sets, since the focus of accounting has changed from providing informa-

tion to the government to providing information to shareholders and creditors.

As countries adopt International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA), the accountants who must adopt and implement the new rules must be made aware of the new requirements and must be trained in how to apply them. Thus, there is a need for continuing professional education (CPE) for accounting practitioners. CPE training must shift its emphasis drastically to meet this new demand. Attempting to meet this demand presents several serious problems.

For one, the quantity and quality of educational materials often leaves much to be desired. IFRS and ISA were published originally in the English language. It is necessary to translate these rules into the local languages before their adoption can have any impact on practice. IFRS was not translated into Russian until 1999, and the first translation was criticized for being mediocre (Preobragenskaya & McGee 2004). A revised translation was published about five years later, which incorporated many of the changes that had taken place since the original translation. But the Russian translation has not yet fully permeated the market in the former Soviet Union, and this translation is useless for other transition economies where Russian is not the language of business.

Luckily, most non-Russian speaking transition economies also have translations of IFRS and ISA available for their accounting practitioners. But that does not mean that the accounting practitioners necessarily own copies of these translations. In many cases, the accounting practitioners in these transition economies do not see the need to own such books and do not see any need to learn the new rules, since the old rules have served them well throughout their careers.

In some cases, accounting practitioners have actively resisted adopting and implementing the necessary changes.

Another problem that accounting practitioners in transition economies face is upgrading their education in the new rules. In recent years, various private groups have started offering seminars and classes in IFRS and ISA, but the quality of these educational offerings often leaves much to be desired. The quality of course materials has been criticized for being mediocre or worse. The quality of instruction has also been criticized. It is difficult for the local or national accounting associations or other private accounting education providers to find qualified instructors to lead the courses and seminars. In some cases, the seminar leaders give their own opinion about the new accounting rules rather than teaching the rules themselves. Some of the lecturers have never actually read the IFRS or ISA rules, and teach seminars based on rumors or newspaper articles.

Thus, there is a need to train trainers before the quality and level of continuing professional education instruction can improve. USAID, Tacis, the World Bank and some other organizations have been assisting in this regard by offering "train the trainers" courses in many transition economies. It would be fair to say that their efforts have greatly improved the level of instruction overall, although the problem of finding qualified lecturers still exists.

Another aspect of upgrading accounting education is within the universities themselves. A whole new generation of accountants must be educated through the university system. Universities have the same problems that the accounting profession faces in this regard, since they also need high quality course materials and qualified instructors to teach the courses. The demand for accounting education in universities has greatly increased in recent years, which further exacerbates the problem. The few potential instructors who are highly qualified are in great demand, and universities must compete with the private sector for their services. And since the private sector pays much better than the universities, the universities often find it difficult to fill their classrooms with qualified instructors.

This undersupply of qualified instructors is dealt with in several ways. One way to deal with the problem is to offer fewer hours of instruction

in IFRS and ISA than would otherwise be the case. Many universities deal with the shortage of qualified professors using this approach. Another way to reduce the problem of not being able to find full-time qualified instructors is to hire part-time instructors. This policy has also been widely adopted by universities, with beneficial effects. One advantage of hiring part-time instructors is that the individuals who are hired are usually full-time practitioners who are actively involved in implementing the new rules for their clients. Students are the immediate beneficiaries, since the lectures they receive are being given by individuals who are actively engaged in accounting practice. Such lecturers deliver more relevant lectures than some of the full-time professors who have never done more than read about the new rules (*Preobragenskaya & McGee 2003*).

Another aspect of accounting education involves professional certification. Under the old Soviet system and the similar centrally planned systems of the various Soviet satellite countries, the accounting system was little more than a book-keeping system. Accounting as a profession was not highly regarded. A survey of secondary school graduates in Russia ranked accounting 91st out of 92 professions (Enthoven et al. 1998, p. 199). Accounting certification meant little and certification could often be bought at a reasonable price. As a result, financial statements lacked credibility. International investors placed little or no faith in any financial statements that were audited by a local accountant. The only way such statements could have any kind of credibility in the eyes of international investors would be if they were audited by a large international accounting firm.

This lack of local credibility is one of the last remaining problems the accounting profession in transition economies faces. Although problems still exist in the areas of accounting education and implementation of IFRS and ISA, the last problem to be addressed is the credibility of accounting certification. USAID, Tacis and some other organizations have started to address this problem, and substantial progress has been made. Private sector initiatives have also made an impact. This paper discusses the efforts that have been made to reduce or eliminate the credibility problem faced by accounting certification in transition economies in the former Soviet Union. Some of the information for this paper was obtained by interviewing USAID Accounting Reform Project officials in Kiev during the sum-

mer of 2004. Other information was gathered via internet correspondence with officials from the USAID Accounting Reform Projects in Ukraine and Central Asia and from the websites listed in the Reference section.

Accounting Certification

The "Big-4" accounting firms have a near monopoly on the certification of financial statements of the largest enterprises in the former Soviet Union (FSU) because their accountants, with a few exceptions, are the only ones who possess an accounting certification that is recognized internationally. The main international certifications that international investors recognize as being of sufficiently high quality are the American Certified Public Accountant (CPA) certificate and the certification offered by the Association of Chartered Certified Accountants (ACCA), an organization that is UK-based. The problem with both of these certifications is that they are both offered only in the English language, which precludes the vast majority of FSU accountants from taking these certification exams. Until recently, no Russian language certification exam was considered of international quality or credibility, either because such certification could be purchased or because the examinations for these certifications did not test on IFRS and ISA. This credibility problem began to be addressed in 2001, when a USAID funded pilot project was launched in Central Asia to provide a regionally recognized accounting certification given in the Russian language that tests on IFRS and ISA (McGee & Preobragenskaya 2005).

ACCA Certification

The Association of Chartered Certified Accountants (ACCA) has a near monopoly on internationally recognized English language accounting certification in the FSU, as well as much of the rest of the world. Although the American CPA is recognized and highly regarded internationally, one must travel to the United States to take the exams, and one must also meet certain university education requirements that present a high barrier to potential exam candidates.

Barriers to taking the ACCA exams are much less onerous. The university education requirement is less restrictive and it is possible to take the ACCA exams in several countries of

the FSU. The ACCA exams are truly worldwide, being offered on every continent. The ACCA is the largest and most rapidly growing international accounting organization, with 320,000 students and members in 160 countries. It has an extensive network of staffed offices in more than 70 countries (ACCA). No other accounting organization can boast of such worldwide coverage. It has been in existence since 1904.

The ACCA offers several certification and diploma programs. This paper will discuss mostly the Professional scheme, which is the highest level of ACCA certification and the one that has the most international recognition. The Professional scheme consists of three levels of certification, which are listed in Table 1. A total of 14 exams must be passed to earn full certification. There is also an experience requirement.

As can be seen, not all of the exams test on accounting subjects. Some test on information systems, management, law, taxation and finance. The ACCA operates more than 200 examination centers in more than 70 countries. Table 2 lists the examination centers in the Former Soviet Union and satellite countries.

Table 1. ACCA Professional Scheme Examinations

Part One
1.1 Preparing Financial Statements
1.2 Financial Information for Management
1.3 Managing People
Part Two
2.1 Information Systems
2.2 Corporate and Business Law
2.3 Business Taxation
2.4 Financial Management and Control
2.5 Financial Reporting
2.6 Audit and Internal Review
Part Three
Any two of the following:
3.1 Audit and Assurance Services
3.2 Advanced Taxation
3.3 Performance Management
3.4 Business Information Management
All Three of the Following:
3.5 Strategic Business Planning and Development
3.6 Advanced Corporate Reporting
3.7 Strategic Financial Management

Source: www.accaglobal.com

The advantage of the ACCA certification is that it is recognized worldwide. Anyone who can earn this certification gains instant credibility. The drawback of the ACCA certification program, from the perspective of potential candidates in the FSU, is that the exams are offered only in the English language, which precludes the majority of otherwise potential candidates from attempting these exams.

Management Accounting Certification

The Institute of Management Accountants (IMA), headquartered in New Jersey, USA has offered the Certified Management Accountant (CMA) exam since the 1970s. It came into existence as an alternative to the American CPA exam, which many corporate accountants could not qualify to take because they lacked experience in public accounting. Although most of the CMA exam holders live in the USA, the exam has spread to other parts of the world.

Table 2. Examination Centers for the Professional Scheme Former Soviet Union and Satellite Countries

Country	City
Former Soviet Union	
Armenia	Yerevan
Azerbaijan	Baku
Belarus	Minsk
Estonia	Tallinn
Georgia	Tbilisi
Kazakhstan	Almaty
Kyrgyzstan	none
Latvia	Riga
Lithuania	Vilnius
Moldova	Chisinau
	Moscow
Russia	Novocherkassk St. Petersburg Vladivostok
Tajikistan	none
Turkmenistan	none
Ukraine	Kiev
Uzbekistan	Tashkent
Satellites	
Albania	Tirana
Bulgaria	Sofia
Czech Republic	Prague
Hungary	Budapest
Poland	Warsaw
Romania	Bucharest
Slovakia	Bratislava

Source: www.accaglobal.com

The IMA also offers the Certified Financial Manager (CFM) certificate. One attractive feature of the CMA and CFM exams is that they may be taken wherever the TOEFL (Test of English as a Foreign Language) is given because the company that gives the TOEFL exams has been retained to give the CMA and CFM exams as well. Thus, there is no need to travel to the United States to take the exams, which is the case for the American CPA exam.

One drawback of the CMA and CFM exams is that they are offered only in the English language. Another feature of these exams that might be considered a drawback is that certificate holders are not authorized to certify financial statements, which places these designations at a competitive disadvantage with the CPA and ACCA. However, none of these "foreign" exams are recognized by any of the governments of the FSU, so not having official government approval does not make the CMA and CFM any less desirable than the other foreign certifications on the basis of authority to certify statements.

The CMA and CFM exams serve a somewhat different audience. They are not in direct competition with the CPA and ACCA exams. The CMA has not penetrated the FSU to any great extent. One reason for this lack of penetration is because the IMA has not expended much in the way of resources to promote the program.

The content of the CMA exam changed somewhat in mid-2004. The new version of the CMA exam consists of the following parts:

- Part 1: Business Analysis
- Part 2: Management Accounting and Reporting
- Part 3: Strategic Management
- Part 4: Business Applications

Those taking the CFM exam take Parts 1, 3 and 4 of the CMA exam plus a different Part 2 that is geared more to financial management questions. Thus, it is possible to earn both the CMA and CFM by passing a total of five exams, Parts 1, 3 and 4, plus the two Part 2 exams. Table 3 provides some statistics for the CMA exam in the FSU.

Several things can be seen from Table 3. For one, the exam is only offered in three of the 15 former Soviet Republics. Theoretically, the exams could be offered in any city of any former Soviet republic where the TOEFL exams are offered. Thus, the market for the CMA and CFM exams is far from saturated. There is much room for expansion.

Second, Russia is the clear leader, in terms of exam parts taken, with 348 over the 12 month period. Kazakhstan is a clear second, with 111 exams parts. Ukraine is far behind in third place, with only 25 exam parts taken.

Russian Language Certification

The advantage of exams like the ACCA, CPA, CMA and CFM is that they are internationally known and respected. The problem with these exams, from the perspective of potential exam candidates living in the FSU, is that they are offered only in the English language. That fact precludes the vast majority of potential exam candidates from attempting any of those exams. What is needed in the FSU is a credible certification exam that has international recognition and respect and that is also given in a language that candidates in the FSU can read and write well enough to take and pass the exams.

No such exam scheme existed until 2001, when the United States Agency for International Development (USAID) started a pilot program in Central Asia to provide such an exam scheme. The plan was to offer accounting certification that tested on IFRS and ISA in the Russian language. The exam needed to be incorruptible, meaning that those who wanted to become certified could not merely purchase the certificate. They would have to earn it by passing a series of tough exams. There would also be an experience requirement.

A number of things would have to happen before such a certification scheme could get off the ground. Study materials would have to be selected and translated into Russian. Teachers would have to be found to teach the material. Potential certificate candidates would have to be found and convinced that this certification was worthwhile. Potential employers would have to be educated as to the benefits of employing individuals who held the certificate. The local and national accounting associations would have to buy into the program. Imposing it from above by an organization like USAID would result in failure.

Certification is on two levels. The first level is designated Certified Accounting Practitioner (CAP). This designation is earned by passing three exams — Financial Accounting 1, Management Accounting 1 and Tax & Law. One must also have one year experience and com-

Table 3. CMA and CFM Exam Results For the Former Soviet Union (November 1, 2003 to November 1, 2004)

Country	Part 1	CMA2	CFM2	Part 3	Part 4	Total
Kazakhstan						
Taken	19	15	15	37	25	111
Pass	15	8	9	14	12	58
Fail	4	7	6	23	13	53
Pass rate %	4	7	6	23	13	53
Russia						
Taken	109	42	38	86	73	348
Pass	58	23	21	44	43	189
Fail	51	19	17	42	30	159
Pass rate %	53.21	54.76	55.26	51.16	58.90	54.31
Ukraine						
Taken	8	2	1	7	7	25
Pass	7	1	0	5	6	19
Fail	1	1	1	2	1	6
Pass rate %	87.50	50.00	0.00	71.43	85.71	76.0

Source: Institute of Management Accountants

Table 4. June 2004 CAP Exam Statistics

Country		FA-1	T&L	MA-1	Total CAP
Kazakhstan	# participants	491	511	429	1431
	# passed	231	242	148	621
	Pass Rate, %	47.0	47.4	34.5	43.4
Kyrgyzstan	# participants	336	206	198	740
	# passed	174	82	58	314
	Pass Rate, %	51.8	39.8	29.3	42.4
Tajikistan	# participants	180	146	112	438
	# passed	40	36	12	88
	Pass Rate, %	22.2	24.7	10.7	20.1
Turkmenistan	# participants	29	16	17	62
	# passed	14	9	4	27
	Pass Rate, %	48.3	56.3	23.5	43.5
Uzbekistan	# participants	365	138	181	684
	# passed	171	55	66	292
	Pass Rate, %	46.8	39.9	36.5	42.7
Moldova	# participants	36	21	32	89
	# passed	28	15	14	57
	Pass Rate, %	77.8	71.4	43.8	64.0
Russia	# participants	21	20	19	60
	# passed	16	8	14	38
	Pass Rate, %	76.2	40.0	73.7	63.3
Ukraine	# participants	283	232	271	786
	# passed	149	158	112	419
	Pass Rate, %	52.7	68.1	41.3	53.3
Totals	# participants	1741	1290	1259	4290
	# passed	823	605	428	1856
	Pass Rate, %	47.3	46.9	34.0	43.3

Source: Kenney (2004); Mino

puter literacy. CAP exams were offered quarterly until recently, when the decision was made to offer these exams just three times a year, since attendance was low for the exam given shortly after the return from summer vacation.

The second level certification is called Certified International Professional Accountant (CIPA) and is earned by passing four additional exams — in Financial Accounting 2, Management Accounting 2, Finance and Audit. CIPA exams are offered semi-annually.

Having an internationally recognized certification exam in Central Asia is especially important, since the ACCA exams are not given in three of the five Central Asian republics. As can be seen in Table 2, the ACCA exams are offered only in Kazakhstan and Uzbekistan. They are not offered in Kyrgyzstan, Tajikistan or Turkmenistan, which makes the CAP and CIPA exams the only game in town for these Central Asian republics.

Table 4 shows the results for the June 2004 CAP exam. As can be seen, the number of participants and the pass rates vary by country. Kazakhstan had the highest number of exam takers, which might be expected, given the fact that the exam headquarters was in Kazakhstan until recently moving to Moscow. Participation by most of the other four central Asian republics was also quite good. Ukrainian participation was surprisingly good, considering that the exam is relatively new in Ukraine. As was mentioned, the exam started as a pilot project in Central Asia, with the intent of spreading it to the other Russian speaking republics after the bugs had been worked out of the system.

The Ukrainian participation at such an early stage provides evidence that the exam scheme is likely to spread successfully now that the pilot program has ended. Low participation in Russia and Moldova can be attributed to the fact that no effort had been made to expand the certification program into these countries for the June 2004 exam. It is expected that the numbers for Russia will expand greatly once the exam headquarters is moved to Moscow and more effort is expended to advertise the certification program there. Russia is the largest of the former Soviet republics and it is reasonable to assume that the number of Russian candidates taking the exams will soon surpass the number of candidates from the other former Soviet republics who are taking the exams. Table 5 shows the exam results for the June 2004 CIPA exam.

As can be seen, the number of participants and the pass rates for the CIPA exams are much lower than for the CAP exams. The explanation is quite simple. Before candidates can take the CIPA exams they must first pass the CAP exams. It is a filtering process. Also, the CIPA exams are more difficult due to the nature of the material, so the pass rates can be expected to be lower. Another, less obvious reason, which was revealed during the course of correspondence with representatives from the USAID accounting reform projects in Ukraine and Central Asia, is that it was difficult to find qualified instructors to teach the upper level courses to prepare candidates for the exams. Most of the candidates who were able to pass the upper level exams had to do so more or less on their own, without the help of instructors.

The CIPA exams are given twice a year. The CAP exams are given four times a year.

Table 5. June 2004 CIPA Exam Statistics

Country		FA-2	MA-2	Audit	Fin	Total CIPA
Kazakhstan	# participants	112	46	122	14	294
	# passed	13	9	24	2	48
	Pass Rate, %	11.6	19.6	19.7	14.3	16.3
Kyrgyzstan	# participants	59	8	17	35	119
	# passed	9	3	9	4	25
	Pass Rate, %	15.3	37.5	52.9	11.4	21.0
Tajikistan	# participants	30	11	7	9	57
	# passed	2	4	0	1	7
	Pass Rate, %	6.7	36.4	0.0	11.1	12.3
Turkmenistan	# participants	5	0	0	0	5
	# passed	2	0	0	0	2
	Pass Rate, %	40.0				40.0
Uzbekistan	# participants	21	29	27	31	108
	# passed	6	18	12	9	45
	Pass Rate, %	28.6	62.1	44.4	29.0	41.7
Moldova	# participants	9	8	6	2	25
	# passed	0	1	3	1	5
	Pass Rate, %	0.0	12.5	50.0	50.0	20.0
Russia	# participants	4	3	2	2	11
	# passed	3	1	2	0	6
	Pass Rate, %	75.0	33.3	100.0	0.0	54.5
Ukraine	# participants	183	150	137	143	613
	# passed	9	31	24	19	83
	Pass Rate, %	4.9	20.7	17.5	13.3	13.5
Totals	# participants	423	255	318	236	1232
	# passed	44	67	74	36	221
	Pass Rate, %	10.4	26.3	23.3	15.3	17.9

Source: Kenney (2004); Mino

The most recent exam results for the CAP exams are presented in Table 6.

Results for the November 2004 exams were not available when this paper was written. However, participation rates were available for Central Asia and Ukraine. Those rates are summarized in Tables 7 and 8. There were about 200 participants in Russia and Moldova but those statistics are not included in the tables.

Table 9 compares the volume of exam takers in 2003 and 2004. The number of CAP exam takers was down by 10 percent. The reason for the decline was partially attributable to the fact that fees for taking the exams were increased. In the early days of the exams, candidates were not charged a fee. As a result of the low barrier to entry, a number of students who were not adequately prepared were able to take the exams. Instituting fees acted as a screening process to eliminate the candidates who were not sufficiently committed to study hard to pass the exams.

The number of CIPA exam takers increased by 120 percent during the same period, in spite of the fee increase. This rapid growth, in spite of increased exam fees, can be partially attributed to the fact that by 2004 a larger number of candidates had passed all three parts of the CAP exams, which was necessary before proceeding to the higher level CIPA exams.

Concluding Comments

As can be seen from the statistics, demand for the CAP and CIPA exams is strong, especially in the five Central Asian republics and Ukraine. It is expected that the demand in Russia will outstrip the demand in the other former Soviet republics once the headquarters is firmly in place in Moscow. Participation rates for the ACCA exams are not available, as this information is considered proprietary. The CMA and CFM exams are not making much of a dent in the FSU, mostly because the IMA has not made much of an effort to market its exams in this part of the world.

From interviews conducted in Ukraine in 2004 and in Russia in 2003 the author had the distinct impression that the marketplace will place a higher value on the ACCA and CPA designations than on the CAP and CIPA exams for the foreseeable future. This main reason for this "premium" attached to the ACCA and CPA exams is because they have a long and strong history of being high quality certifications. The fact

that they are given in English also probably plays a role, since the international investment community discounts non-English language exams. English is the language of international business, and it is the perception that anyone who can pass a highly regarded English language exam is probably a better qualified accountant than someone who has passed an unknown certification exam in some other language.

However, that does not mean that the CAP and CIPA exams have no value. Their main value at this early stage of the transition from central planning to a market economy lies in the fact that they are the first credible exams that test on IFRS and ISA in a language that the vast majority of accountants in the FSU can understand. The CAP and CIPA exams are helping to spread knowledge of IFRS and ISA. As these exams become better known and more widely accepted, their value will increase. Although they will probably continue to be discounted in the marketplace in comparison with the CPA and ACCA certification, the amount of the discount can be expected to shrink over time.

Another aspect of this issue has to do with the training of management accountants who work in enterprises in the FSU. Not all of the account-

Table 6. September 2004 CAP Exam Statistics

Country		FA-1	T&L	MA-1	Total CAP
Kazakhstan	# participants	471	321	263	1055
	# passed	232	182	114	528
	Pass Rate, %	49.3	56.7	43.3	50.0
Kyrgyzstan	# participants	157	105	112	374
	# passed	47	45	43	135
	Pass Rate, %	29.9	42.9	38.4	36.1
Tajikistan	# participants	89	92	42	223
	# passed	27	9	11	47
	Pass Rate, %	30.3	9.8	26.2	21.1
Turkmenistan	# participants	24	8	6	38
	# passed	11	2	1	14
	Pass Rate, %	45.8	25.0	16.7	36.8
Uzbekistan	# participants	220	136	152	508
	# passed	96	59	52	207
	Pass Rate, %	43.6	43.4	34.2	40.7
Moldova*	# participants	0	0	0	0
	# passed	0	0	0	0
	Pass Rate, %	0	0	0	0
Russia	# participants	2	0	3	5
	# passed	1	0	2	3
	Pass Rate, %	50.0	0	66.7	60.0
Ukraine	# participants	95	103	122	320
	# passed	47	55	57	159
	Pass Rate, %	60.3	63.2	58.8	60.7
Totals	# participants	1041	749	675	2465
	# passed	461	352	280	1093
	Pass Rate, %	44.3	47.0	41.5	44.3

* Did not participate in the September 2004 exams.

Source: Kenney (2004)

ants who pass the ACCA, CAP and CIPA exams will work for independent accounting and auditing firms. In fact, the majority of them will work for enterprises. Preparing for the various certification exams serves as an educational tool that increases the knowledge of these accountants in the areas of international accounting and auditing standards, corporate finance and several other topics, which makes them better accountants. As these accountants obtain employment with enterprises, the accounting systems of these enterprises will be strengthened, thus strengthening the enterprises themselves. Having a strong internal accounting system that consists of knowledgeable accountants is a hidden factor that helps attract FDI because a strong accounting system enhances the quality of the financial statements that international investors read before making their investment decisions. Having a strong internal accounting system also makes it easier for independent auditors to certify enterprise financial statements.

None of the certification exams mentioned in this paper have any government stamp of approval. The various governments of the FSU do not rec-

ognize these exams. But the marketplace does recognize them, which is more important, since it is the international investment community that must be convinced. As long as it is possible to purchase national certifications and as long as the various national accounting certifications do not test adequately on IFRS and ISA, they will continue to lack credibility even within their own countries. International accounting certification provides a perfect example of how the market process, if permitted to function, can overcome economic problems without government assistance. Indeed, these certifications have had to overcome government impediments in some cases.

It will be many years before the countries of the FSU have an accounting profession and accounting certification that is fully competitive with the more mature market economies, but a start has been made, and the spread of these accounting certifications will go a long way toward narrowing the gap that now exists.

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Table 7. Participation Rates November 2004 CAP Exams Central Asia & Ukraine

Country	FA-1	T&L	MA-1	Total CAP
Kazakhstan	714	531	505	1750
Kyrgyzstan	259	186	171	616
Tajikistan	106	109	61	276
Turkmenistan	32	22	36	90
Uzbekistan	209	103	132	444
Ukraine	438	294	318	1050
Totals	1758	1245	1223	4226

Table 8. Participation Rates November 2004 CIPA Exams Central Asia & Ukraine

Country	Audit	Finance	MA-2	FA-2	Total CIPA
Kazakhstan	72	48	50	99	269
Kyrgyzstan	34	15	20	46	115
Tajikistan	5	5	5	5	20
Turkmenistan	0	3	3	4	10
Uzbekistan	23	36	35	34	128
Ukraine	124	106	123	139	492
Totals	258	213	236	327	1034

Source: Kenney (2004)

Table 9. Exam Volume Comparisons 2003 to 2004

	November 2003	November 2004	Increase (Decrease)
CAP	4800	4300	(10%)
CIPA	500	1100	120%
Total	5300	5400	2%

Source: Kenney (2005)