



GFOA'S INTERNATIONAL REACH

**Helping Build Good
Governance and
Good Relationships**

**By Ken Rust, Tim Grewe,
and David Khosruashvili**

Each year at GFOA's annual conference, the association president asks the international delegations in attendance to stand and be recognized. Delegations from many countries have attended, including China, Thailand, Germany, and Brazil. The GFOA has formal affiliation agreements with associations from Sweden, South Africa, Israel, and Georgia. Traditionally, GFOA reciprocates with its affiliated associations by sending a representative to their annual conferences, thus helping build and maintain these relationships.

The participation of international delegates broadens GFOA's reach and stature, while recognizing that developing effective government finance practices isn't limited to the United States and Canada. Despite significant legal, institutional, and language differences among countries, we share a common bond when it comes to public service, financial management, and transparency. And with a movement toward International Financial Reporting Standards and implementation of asset management strategies developed in countries like Australia and New Zealand serving as the international standard, we may find that we have more in common than ever before.

Most of GFOA's long-standing affiliation agreements are with international associations that are mature with respect to their organizations and the mission and role they play in serving their members. This was not the case, however, with the most recent affiliation agreement with the country of Georgia. In this case, the association was more in the form of a blank canvas with the potential to evolve if presented with opportunities to learn and exchange ideas with more developed associations, including GFOA. The Georgia association also benefited from some unique relationships that exposed key members to GFOA at a critical time in its development. Consequently, GFOA has served both as a model and a mentor in the growth and development of the Georgia association. This expands on the traditional relationship GFOA has with its international partners, underscoring the value that can be provided to countries that are looking to establish a professional association that can grow and develop the financial management capacity of its members.

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The remainder of this article discusses the unique role GFOA has played with its counterpart organization in Georgia, and the successes it now enjoys as a result.

GEORGIA ON OUR MINDS

When Tim Grewe retired from the City of Portland as its Chief Administrative Officer and Director of the Office of Management and Finance in 2006, he decided to pursue a long-standing professional interest in working internationally on projects focusing on building financial capacity within developing countries. That interest was met with an opportunity to work internationally as an advisor to the Republic of Georgia Ministry of Finance Tbilisi, Georgia, commencing in October 2006 with a focus on assisting in improving public budgeting systems.

As a republic of the former Soviet Union, Georgia had proclaimed its independence in 1991 and began following a pro-Western foreign policy in 2003. GFOA wanted to help support the development of strong financial sectors and sound public financial management in countries where assistance is needed and there is a strong commitment to reform. This is based on the belief that governments that manage the public purse with integrity and effectiveness not only deliver essential services better, they also build credibility with citizens and the international community. During his tenure, Grewe's efforts focused on completing a Public Financial Accountability Assessment in coordination with the World Bank; improving budget format, process, and monitoring sys-

tems; and assisting in the formation of the Association of Finance Officers of Local Self-Governing Units of Georgia.

As a past President and Executive Board member of GFOA, Grewe recognized that his Georgian counterparts could benefit greatly from seeing how an organization like GFOA serves its members through training and certification programs, and that experiencing a GFOA conference firsthand would provide them with valuable experience that could be put into practice in their own country. As a result, Grewe was able to arrange for a Georgian delegation of officials to attend the 2008 GFOA Conference. The Georgian delegation, led by David Khosruashvili, then manager of finance for the City of Tbilisi and former Budget Director within the Ministry of Finance, learned how GFOA worked as an association and the ways in which it supports the needs of its members. This first conference visit also began the process of establishing relationships with the delegation's GFOA counterparts, along with other international delegations that have had long-standing affiliations with GFOA and routinely attend GFOA conferences.

Following the 2008 conference, the work of Grewe and the Georgian finance officials continued, leading to the formal creation of the Georgia Association, led by Khosruashvili, who brought another Georgian delegation to GFOA's 2009 conference. It was there that then-GFOA president Ken Rust had the honor of executing a formal affiliation agreement between GFOA and the Georgia Association. After the conference, the City of Portland hosted a visit by the Georgian delegation, which gave them further opportunities to see how municipal finance practices were implemented in a large American city.

A NEW ASSOCIATION

In fall 2009, the Georgia Association invited Rust to attend its inaugural meeting to represent GFOA. The trip was memorable for many reasons (good food, good wine, good friendship), but mostly for the chance to see the Georgia Association in its infancy. The initial meeting was modest in size, with the audience easily accommodated by a

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moderately sized hotel meeting room, but Khosruashvili and others demonstrated a seriousness of intent to grow and develop the Georgia Association to meet the needs of municipalities within Georgia.

From this modest start, the Georgia Association has made tremendous strides in developing and implementing a comprehensive training and certification program for its members. A delegation from Georgia has attended each annual GFOA conference since

2008, helping further deepen the relationship between our two associations. By attending these conferences, Khosruashvili was able to develop relationships with GFOA's international guests, leading to the establishment of a formal association relationship between the Municipal Finance Directors Association of Israel (MFDA) and the Georgia Association. All these efforts — guidance provided by Grewe, the formal affiliation relationship with GFOA, and support provided through the GFOA executive board, executive director, and current and past presidents, and the association relationship with the MFDA and others — have aided in the development of the Georgia Association.

In 2018 Khosruashvili, who is still the director of the Georgia Association, invited Rust to participate in its annual conference in September, once again representing GFOA. This gave Rust the opportunity to see just how much progress had been made since his first visit in 2009. Most significant has been the growth in the Georgia Association's membership (which now includes all municipalities in the country), its development of a training curriculum, and the implementation of a certification program for local finance officers. The Georgia Association's opening session filled a large meeting hall to overflowing, with approximately 300 people in attendance. In addition to GFOA, guests from the Israeli MFDA were present, giving the session an international flavor not unlike what we see at our GFOA conference.

In his opening remarks at the conference, Khosruashvili gave an overview of training programs, certifications, and accomplishments of the various local municipalities, all of which was summarized in a bound report that was distributed to attendees. He also discussed the association's five-

year goals, which include training and implementation of program budgeting, accounting for municipality assets, and transparency and public involvement in the budget process. GFOA members are actively involved in each of these areas and, in some cases, struggle with them today. This clearly demonstrates that despite the many differences between our countries, there is a similarity and common ground in the public finance issues and challenges we collectively face. This common ground provides the basis for learning from each other, and it is the foundation for GFOA's international partnerships and affiliations.

Following the opening session, attendees broke out into individual training sessions, which continued over the course of the next two days. In short, it looked and felt like a GFOA conference, including an opening night reception and dinner with spirited traditional Georgian music and dancing.

Discussing the progress made by the Georgia Association with Khosruashvili, Rust was curious to learn how the Georgia Association was able to make such dramatic progress in such a short time. Khosruashvili emphasized the strong partnership with GFOA and other associations like those in Israel, Sweden, and South Africa (all regular GFOA conference attendees). Khosruashvili also acknowledged the support and encouragement of the GFOA presidents and executive directors he's met over the past 10 years. He also singled out Grewe's work, as it served as the starting point for the Georgia Association's formation.

However, this overlooks the significant role that Khosruashvili himself has played in developing a vision of what an effective finance officer's association in Georgia should look like, and then turning that vision into reality. Without Khosruashvili's hard work and commitment, along

Exhibit I: The Association of Local Self-Governing Municipalities of Georgia — A Decade of Improvement

2008 Status	2018 Status
Only 14% of municipalities within Georgia were association members.	99% of Georgian municipalities are now association members.
There was no relevant training system for municipal finance officers.	A permanent training system for municipality workers has been developed and implemented.
There were no certificated finance officers.	1,743 officials attended trainings, and 185 have received association certification.
Effectiveness of public finance management was not evaluated against international standards.	25% of municipalities were evaluated using Public Expenditure and Financial Accountability standards, and now association members are working on weaknesses.
There was no program budgeting in Georgia's municipalities.	40% of municipalities are preparing program budgets, which include objectives, performance indicators, performance outputs and outcomes, etc.
There was no mechanism for involving local municipality staff in the preparation of program budgets.	The association prepared instruction materials, including an internal budgeting calendar, to involve people in preparing program budgets. 90% of municipalities have approved and are now working with these instructions.
There was no electronic program for managing assets and where municipalities could not work online to manage these assets.	An electronic database system was created for use by all municipalities to help manage capital assets.
Municipalities didn't have information about their assets.	15% of municipalities now have information about their assets.
The association only had partnerships with local self-governing units.	The association signed a memorandum of cooperation with the Ministry of Finance of Georgia and Ministry of Regional Development and Infrastructure of Georgia.
There were no books or training manuals published for local financial workers.	Monthly journals are now published, which includes news about new legislation. Professional training books are now published for accountants, with plans to do the same for budgeting practices.



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with the work and support of others within the association, the progress achieved to date would not have been realized. (See Exhibit 1 for a summary of the major accomplishments the Georgia Association has achieved over the past ten years.)

GOOD GOVERNANCE BUILDS GOOD BRIDGES

As an organization, GFOA has built a very successful model of training, policy development, and certifications that has helped systematize and professionalize public finance practices in the United States and Canada. These programs have helped GFOA members better serve the complex and disparate needs of our governments, helping deliver good governance to its citizens. In some ways it's easy to take GFOA's relevancy for granted because it is so widely accepted. However, when we have the opportunity to meet with colleagues from other parts of the world, we begin to see differences that can provide ideas for how to improve our own practices. Equally important, we see opportunities to provide an example and leadership for others that aspire to build public financial management capacity in their own countries.

Good governance is essential to the members of GFOA and helps build a bridge based on trust to our citizens and stakeholders. It is something that we can help other countries with, as well. The example of our relationship with the Georgia Association shows the value and benefit of this relationship and how, with modest levels of support, we can grow the relevancy of GFOA beyond our traditional boundaries, make the world a slightly smaller place, and, in our own way, help to support good financial management practices that leads to good governance. That's a bridge GFOA should be proud to have helped build. ■

KEN RUST is the retired chief financial officer for the City of Portland. **TIM GREWE** is the retired chief administrative officer and director of the Office of Management and Finance for the City of Portland and he continues to work internationally in improving public financial management systems. Rust and Grewe are both GFOA past presidents. **DAVID KHOSRUASHVILI** is the head of the Ministry of Finance of Georgia.