

FreeBalance Communication on Progress 2022

Our Commitment to the UN Global Compact

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FreeBalance is a purpose-led organization dedicated to improving citizen wellbeing around the world



Lake Victoria, Uganda

Message from the FreeBalance President and CEO

14 December 2022

To our stakeholders

FreeBalance has always been a purpose-led organization. The work we do to drive Public Financial Management (PFM) reform around the globe helps to improve governance, combat corruption and enhance citizen wellbeing.

I am pleased to confirm that FreeBalance reaffirms its support of the Ten Principles of the United Nations Global Compact. In this, our second annual Communication on Progress, we share our commitment to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely,

Manuel Schiappa Pietra

Purpose

We are committed to enabling PFM reform that matters. Our work delivers realistic and impactful public sector solutions that empower governments to improve citizen wellbeing and drive sustainable economic growth and prosperity around the world. The FreeBalance approach to PFM reform helps governments to enhance transparency, improve effectiveness, restore trust and create innovation breakthrough opportunities.

FreeBalance is a proud signatory of the UN Global Compact.



About FreeBalance

With a 38-year track record of success and operations in 25+ countries, FreeBalance has unparalleled experience in Public Financial Management (PFM) reform and is a specialized Business-to-Government (B2G) firm. We believe strongly in fiscal transparency and accountability. Our products help bring the power of open government to citizens and decision makers around the world.

The FreeBalance team is composed of passionate and inspired people who build solutions that make a difference. With over 45, different nationalities in the team, we pride ourselves on our diversity and are deeply committed to building local talent in the countries in which we operate. This diversity of thinking helps us to create meaningful solutions relevant to the country context.

Our products and services:

- Help customer governments to **Combat Corruption** and elevate standards of **Governance** through improved planning, transparency, accountability, and fiscal discipline using data-based evidence to improve government effectiveness.
- Enable customer governments to deliver **Sustainable Growth** and **Citizen Wellbeing** by aligning policy, planning, budget execution and performance to environmentally, sustainable citizen social goals, and physical infrastructure priorities.
- Facilitate **Government Digital Transformation** through innovative use of smart- governance digital technologies.



38
years



25+
countries



\$425bn
budgets



580k
civil servants



890m
citizens

Scope of Operations

During the review period FreeBalance's global footprint was extended with the addition of two new customers - the governments of Kiribati and Tunisia. This exciting development further extends the positive impact that FreeBalance has on governance and transparency around the world.

Caribbean Latin America

- Antigua and Barbuda
- Brazil
- Guyana
- Haiti
- Honduras
- Jamaica
- Nicaragua
- State of Pará, Brazil
- Suriname
- Trinidad and Tobago



Asia and the Pacific

- Kiribati
- Mongolia
- Pakistan (CDA)
- Philippines
- Sri Lanka
- Timor-Leste

Europe, Africa, and the Middle East

- Kosovo
- Liberia
- Sierra Leone
- South Sudan
- Tunisia
- Uganda

North America

- Canada
- Nunavut
- United States

Kiribati, one of the world's poorest nations and one that is most at risk from the effects of climate change, is implementing the FreeBalance Accountability Suite™ as its Integrated Financial Management Information System (IFMIS). The functional scope of the IFMIS covers budget preparation, budget execution, accounting, treasury management, cash management, debt and grant monitoring, asset management, and purchase order monitoring.

As part of the ongoing USAID funded Fiscal and Accounting System of **Tunisia** (FAST) project, FreeBalance will deliver a comprehensive budget preparation solution for the Ministry of Finance of the Government of Tunisia. The functional scope of the project includes support for the medium-term macroeconomic and fiscal framework, budget preparation, performance management, and monitoring.



Colombo, Sri Lanka

Theory of Change

FreeBalance tackles global social and economic problems by improving government effectiveness which in turn leads to improved service delivery and enhanced citizen wellbeing. This means that our sustainability initiatives are core to our business strategy, rather than an 'add-on' to company operations. FreeBalance funds this mission through commercial activity. Profit enables the company to invest in further improving services and products to increase social impact.

Enablers

Good Governance
FreeBalance Advisory Services

Digital Transformation
FreeBalance Accountability Platform and Suite

Capacity Building
The FreeBalance Academy
... all amplified through the FreeBalance Partner Ecosystem

Outputs

- Country-Context Policy
- Government Effectiveness
- Evidence-Driven Decision-Making
- Public Fiscal Stewardship
- Fiscal Transparency
- Physical Infrastructure Investment
- Environmental Protection
- Collaboration and Engagement
- Service Delivery Efficiency
- Social Infrastructure Investment

Enablers

- Country Economic Growth
- Fiscal Effectiveness
- Country Resilience
- Human Capital Development
- Social Equity and Cohesion
- Trust in Government

Impact

Sustainable Development and Citizen Wellbeing

Public Financial Management and Wellbeing (Happiness)

Public policy is complex and messy, and sadly (ironically) happiness and wellbeing as public policy is not the magic bullet solution. However, it does provide a framework to more effectively prioritize policies.

Our health, our family and relationships, the quality and nature of our work, the environment, and education are all important contributors to our sense of satisfaction with our lives. If we are to measure what really matters to people, then we need to measure these factors too. These happiness measurements can help government adapt policy as long as “cultural factors” are considered.

Why is Citizen Participation Critical to Happiness and Wellbeing Government Policies?

The extra happiness which a policy generates per dollar of expenditure provides the critical ratio which all other projects must exceed if they are to pass the test of value for money.

Employment

Policies that increase employment and help workers find jobs improve national wellbeing because the long-lasting effect of unemployment (the unhappiness from being laid off, the sense of being useless) tends to linger on for years afterwards.

Working hours and employment flexibility can also improve national happiness, however, there does not seem to be a direct correlation. Yet there is no doubt that public policies which insulate citizens from the ups and downs of the economy appear to promote greater human happiness for all citizens in a nation.

Poverty and Inequality

Policies to increase income for the poor are considered effective but “for those above poverty level, increased income doesn’t improve average happiness levels very much.” (Martin, 2014) While poverty certainly makes people miserable, wealth does not bring happiness.

The notion of inequity in public policy depends on the country context and the relationship between income inequality and happiness is more complex than was previously assumed. While excessive income inequality may impair fairness, excessive economic egalitarianism may reduce efficiency. A recent **study** showed that before a critical level of income inequality is reached, rising income inequality may be accompanied by a higher level of happiness, probably because the social comparison of aspiring individuals with their richer co-nationals promotes expectations that the income gap can be closed and offers a sense of financial optimism.

Health

Health on the other hand is a strong indicator of happiness. Happy people live longer, healthier lives which “turns out to be quite good for society.” (Miners, 2010) Thus investments in national health services are a key component of happiness economics.

Education

Some **researchers** claim that education is probably more strongly correlated with future happiness throughout adulthood than any other variable and that the more education you have, the happier you tend to be. Having a college degree is correlated with other sources of happiness: People who go to college also tend to have better health outcomes, more stable marriages, and longer lives than those who didn’t graduate from high school.

Governance

The absence of corruption in a society is another important driver of national happiness, as evidenced by the continuous top ranking of Scandinavian countries in the World Happiness Report. Indeed, even just the perception of corruption has a significant negative effect on happiness. If one compares the Transparency International reports on global corruption with the World Happiness Report, some interesting trends emerge.

HIGHEST	World Happiness Report Ranking 2018-2022	Corruption Perception Index Ranking 2021
Finland	1	1
Iceland	2	13
Denmark	3	1
Switzerland	4	7
Netherlands	5	8
Sweden	6	4
Germany	7	10
Norway	8	4
New Zealand	9	1
Austria	10	13

LOWEST	World Happiness Report Ranking 2018-2022	Corruption Perception Index Ranking 2021
Burundi	140	169
Yemen	141	174
Tanzania	142	87
Haiti	143	164
Malawi	144	110
Lesotho	145	96
Botswana	146	45
Rwanda	147	52
Zimbabwe	148	157
Afghanistan	149	174

Conclusion

FreeBalance believes that reorienting economic objectives from growth to wellbeing simplifies policy design while improving government effectiveness.

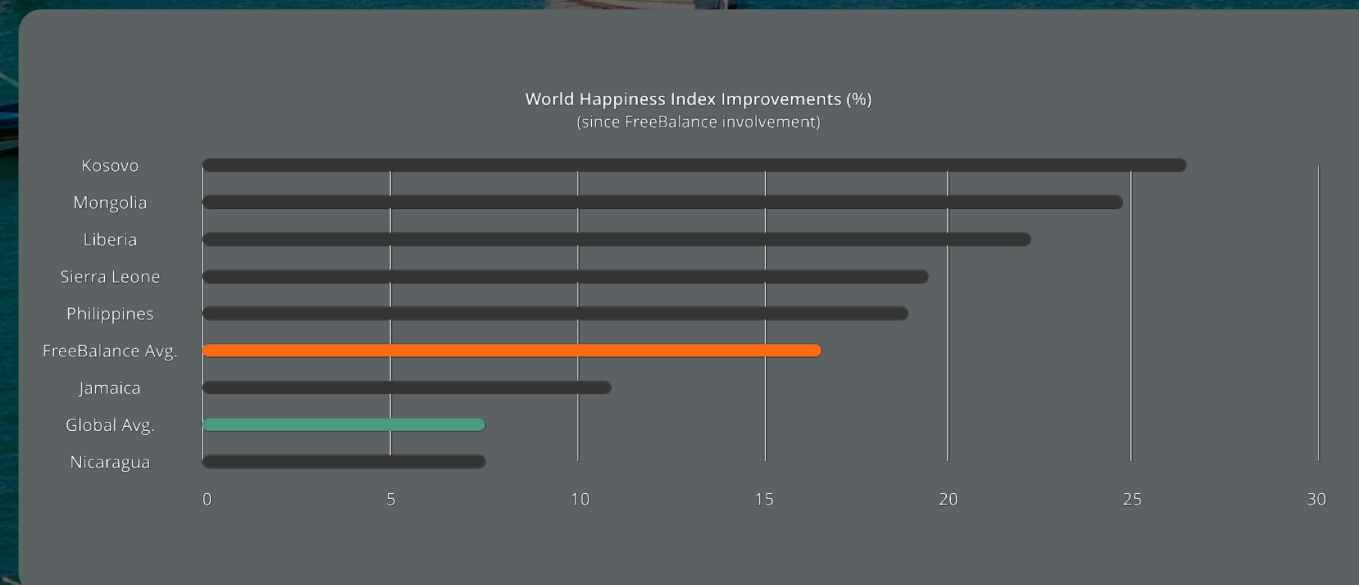
Public Financial Management and Sustainable Development

Public Financial Management is a core function of any government. A well-run PFM system empowers a government to allocate its limited resources on key priorities and to effectively and efficiently spend with maximum impact.

PFM is often seen as a cross-cutting governance reform. The notion is that PFM improvements lead to service delivery, anti-corruption, public investment, and equality improvements – in other words, good PFM supports the delivery of the Sustainable Development Goals (SDGs).

World Happiness Rankings

FreeBalance uses the World Happiness Index as a proxy measure for citizen wellbeing and the 2022 report shows that FreeBalance customers achieved an average 16.5% improvement compared to the global average of 6.9%.



How Does Good PFM Support the SDGs?

- **Promotes Sustainable Public Procurement Practices** by using sustainability metrics in procurement value-for-money calculations (that can be tied to the national development strategy)
- **Integrates Climate Change Measures into Policies and Planning** through program and performance budgeting throughout the public investment management lifecycle
- **Substantially Reduces Corruption and Bribery** through integrated controls, fiscal transparency, and audit while paying public servants sufficiently and supporting career advancement (FreeBalance considers civil service management as part of PFM)
- **Develops Effective Accountable and Transparent Institutions** through fiscal transparency to provide legislators and civil society with "citizen audit" capabilities to support institution building and reform
- **Ensures Responsive, Inclusive, and Representative Decision-Making** through open budgets, participatory budgeting, and budget transparency portals
- **Mobilizes Resources to Improve Domestic Revenue Collection** through tax reform, integrated tax administration systems, reduced tax arrears and increased tax compliance
- **Assists Countries in Attaining Debt Sustainability** through effective multiple-year debt scenario planning and liquidity projections
- **Enhances SDG Capacity in Developing Countries** by funding government capacity building, SDG citizen outreach, and curriculums
- **Enhances Policy Coherence for Sustainable Development** through integrated program and performance budgeting tied to national development strategies

The FreeBalance Accountability Suite™

Governments acquire, upgrade, and replace financial management software to support PFM objectives. This includes reform and modernization programs. Government Financial Management Information Systems (FMIS) such as the FreeBalance Accountability Suite™ are considered core systems of record for public sector fiscal management.

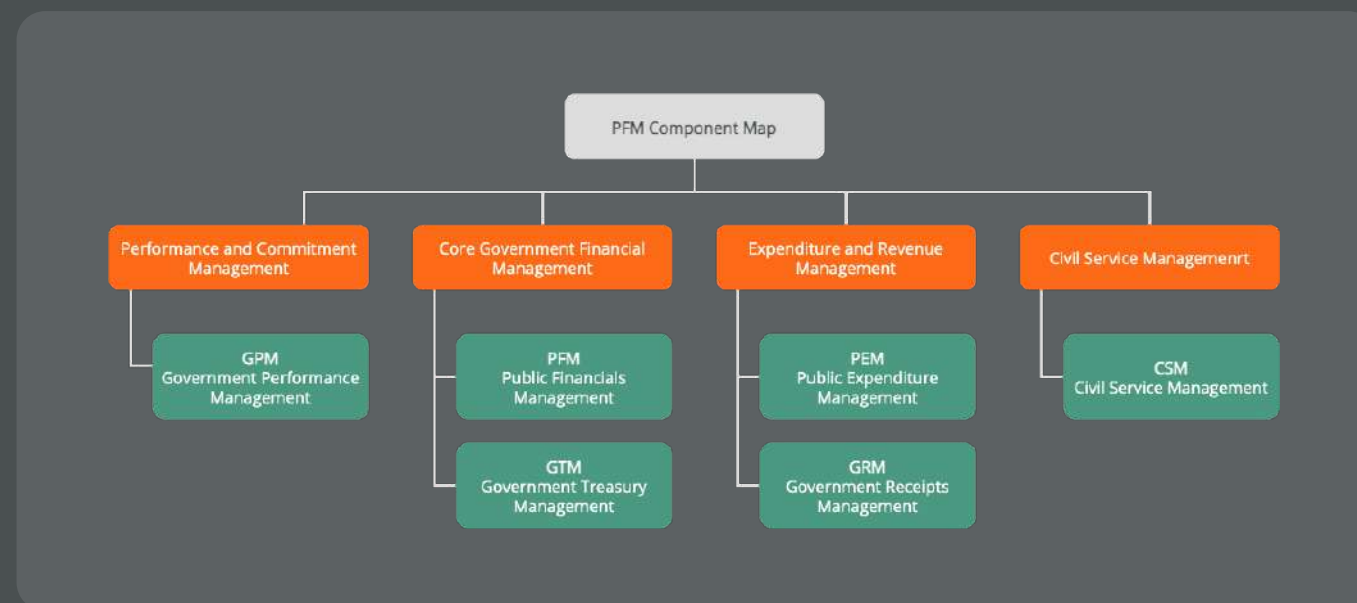
Effective computerization, automation, and integration of FMIS, financial sub-systems, and good PFM practices support the effective allocation of budgets and revenue mobilization to support government strategies.

Over the last ten years FreeBalance has perfected its analytical framework and clearly mapped out the alignment between good public financial management and the UN Global Compact SDGs. We believe that PFM is an element of good governance and that the use of Government Resource Planning (GRP) software, like the FreeBalance Accountability Suite™, supports PFM automation and government digital transformation.

The FreeBalance Accountability Suite™ supports the entire budget cycle enabling more effective public financial management by:

- Linking budget and accounting processes to ensure that expenditures seamlessly match the budget law
- Identifying outcomes from previous fiscal years to improve results for the current year
- Integrating forecasts, trends and commitments to improve the use of cash and investments
- Determining key performance indicators to enable improved budget execution

FreeBalance has developed a PFM Component Map to describe all components that are required for comprehensive public financial management for any tier of government and any country in the world.



The FreeBalance Accountability Suite™ supports good fiscal practice and internationally recognized standards such as:

- United Nations Common Functions of Government (COFOG)
- The International Monetary Fund Government Finance Statistics (GFS)
- The International Monetary Fund Code of Good Practices on Fiscal Transparency
- Generally Accepted Accounting Principles (GAAP)
- International Financial Reporting Standards (IFRS)
- International Federation of Accountants (IFAC)
- International Public Sector Accounting Standards (IPSAS)
- Medium Term Expenditure Frameworks (MTEF)
- The World Bank Treasury Reference Model (TRF)



Government Performance Management

Performance management empowers government to achieve better results through access to data. Tying performance directly to budgeting allows for improved outcomes.



Public Financials Management

Commitment accounting and budget management are unique to the public sector, enabling budgetary and commitment controls. This includes budget and commitment accounting, assets and inventory.



Public Expenditure Management

Public expenditure management reflects all functions related to government spending. This includes expenditures, purchasing, procurement, grants and social programs.



Government Treasury Management

Treasury management enables governments to manage debt and investments. Treasury Management includes bank reconciliation and cash management.



Government Receipts Management

Governments raise revenue and collect receipts through a number of means. This includes non-tax revenue, taxation and billing and receipts.



Civil Service Management

Civil service management enables governments to manage the civil service cycle from recruitment through retirement. This includes HR and workforce management, payroll, pensions, benefits and self-service.

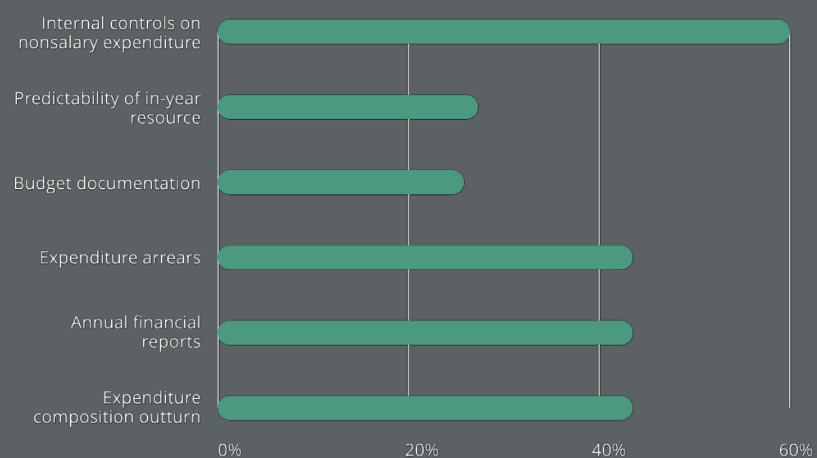
PFM Reform Achievements

The Public Expenditure and Financial Accountability (PEFA) Secretariat is acknowledged as the gold standard in PFM assessments. In the review period, two FreeBalance customers – Kosovo and Sierra Leone – received updated PEFA assessments and both countries achieved improvements despite recent global challenges.

Since inception, FreeBalance customers have achieved an **average 27% improvement** in key PEFA indicators.

FreeBalance Government PEFA Improvements

Latest compared to first PEFA on 7 key GRP contributions



In the review period, two customers – Kosovo and Sierra Leone – received updated PEFA assessments. Both countries achieved improvements despite current global challenges.

Kosovo

The recently released report from the Public Expenditure and Financial Accountability (PEFA) Secretariat demonstrates that Kosovo has made positive and steady progress in its Public Financial Management (PFM) reforms.

The report noted that “control activities in PFM are very well developed and applied. The unified Treasury operated software system ‘FreeBalance’ contributes for all expenditure operations to be carried out and controlled through the software. Control of payment rules for all budget performance operations enhances transparency and accountability.”

Good governance creates country stability and encourages business investment to fuel economic growth. Improving governance was a strategic objective for the Government of Kosovo and their achievements speak for themselves.

Background

FreeBalance has worked with Kosovo since the birth of the country in 1999 when the pilot version of the Government Resource Planning (GRP) system was implemented by FreeBalance in just 26 days. The multi-year partnership that FreeBalance and the GoK have since maintained has seen Kosovo achieve remarkable results in PFM reform. This post-conflict country once managed through a United Nations mandate has sequenced legal reform, improved governance, and achieved international PFM standards under difficult conditions.

FreeBalance Accountability Suite™

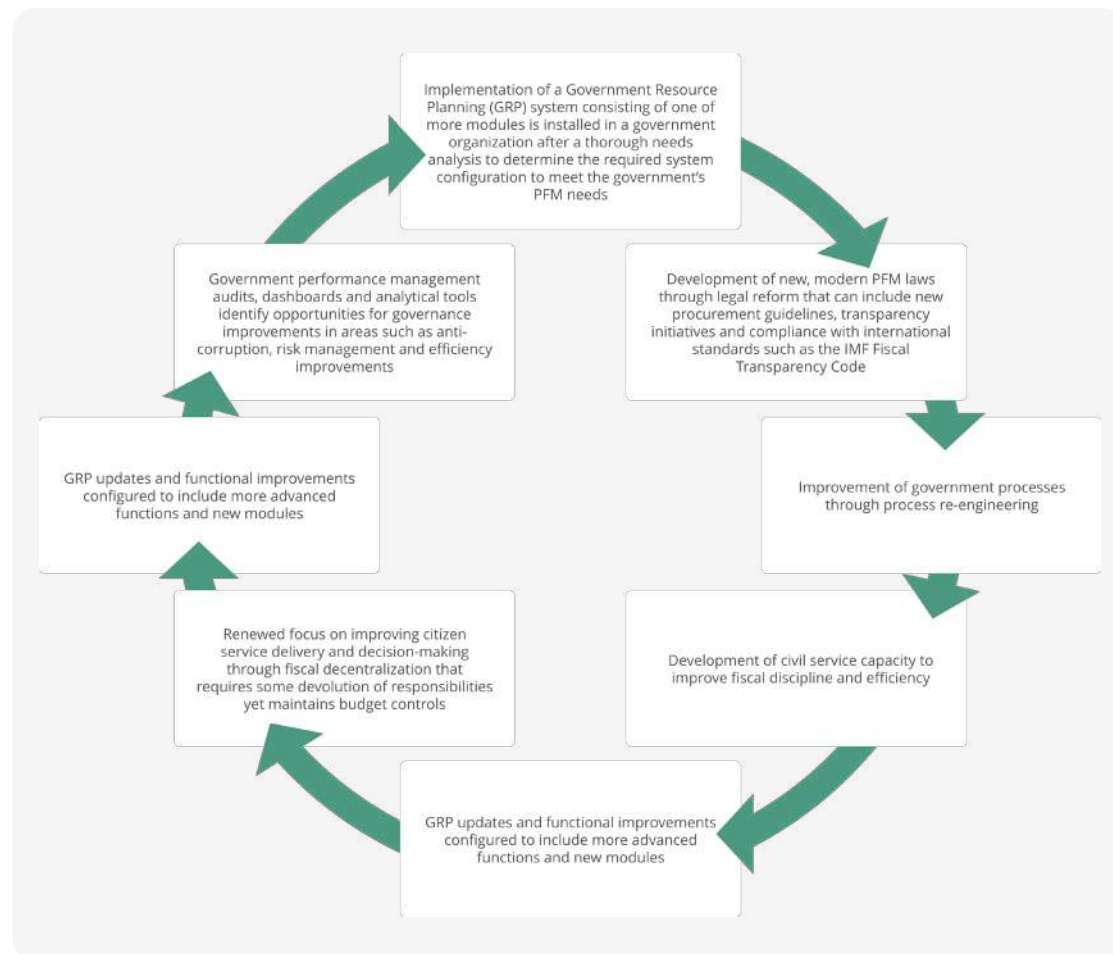
The Kosovo Financial Management Information System (KFMS) was built on the FreeBalance Accountability Platform™ and uses modules of the FreeBalance Accountability Suite™ from:

- (PFM) Public Financials Management
- (PEM) Public Expenditure Management
- (GTM) Government Treasury Management
- (GRM) Government Receipts Management

Progressive Activation

While there is general agreement that PFM and institutional reform is critical to improving governance, the pace of reforms often slows because of the inability of information systems to adapt to new needs. Furthermore, there is no standard best practice in terms of sequencing of reforms because different country contexts mean different needs.

That is why FreeBalance follows a progressive activation approach – continued and sustained activation of required PFM functionality based on country governance needs. While it is unwise to prescribe a sequence of reforms for all circumstances, there are numerous lessons in the Kosovo experience that can be leveraged by governments around the world.



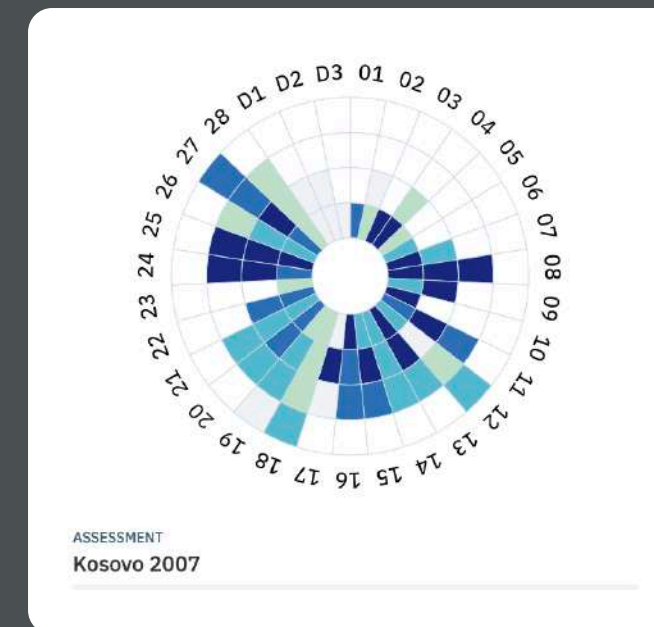
PEFA Assessment

The Government of Kosovo maintained its 'A' rating in 18 indicators and achieved 'A' or 'B' scores in 18 of the 32 new indicators despite the new, more stringent PEFA assessment methodology. In addition, Kosovo improved its PFM performance in 11 indicators:

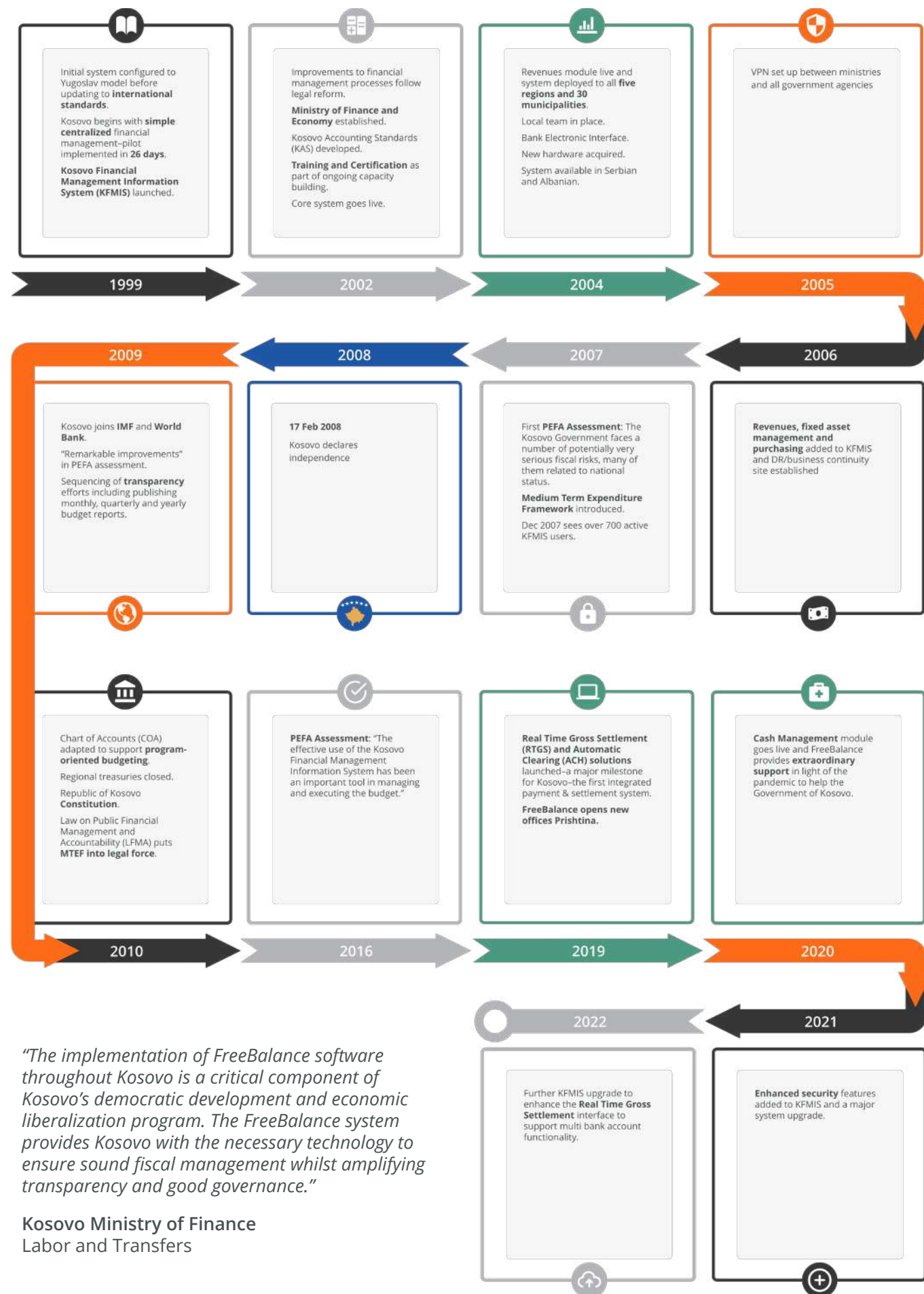
Indicator	2016	2022
(3.1) Aggregate revenue outturn	C	A
(7.2) Timeliness of information on transfers	B	A
(18.4) Rules for budget adjustments by the executive	B	A
(22.1) Stock of expenditure arrears	C	A
(22.2) Expenditure arrears monitoring	B	A
(23.1) Integration of payroll and personnel records	C	B
(22.2) Expenditure arrears monitoring	B	A
(23.1) Integration of payroll and personnel records	C	B
(23.2) Management of payroll changes	B	A
(23.4) Payroll audit	C	A
(25.2) Effectiveness of expenditure commitment controls	C	A
(26.1) Coverage of internal audit	C	B
(31.2) Hearings on audit findings	B	A

Kosovo PFM Reform Improvements

The dramatic Public Financial Management improvements that Kosovo has made over time are clearly evident by comparing the country's first PEFA Assessment in 2007 to the current results.



This level of PFM reform success is not achieved overnight. Kosovo has pursued a structured and intelligent approach based on adopting 'good practices' best suited to its country context. The progressive activation of GRP functionality in line with legal reforms and government capacity building has meant that each reform milestone has had time to settle and is now fully adopted.



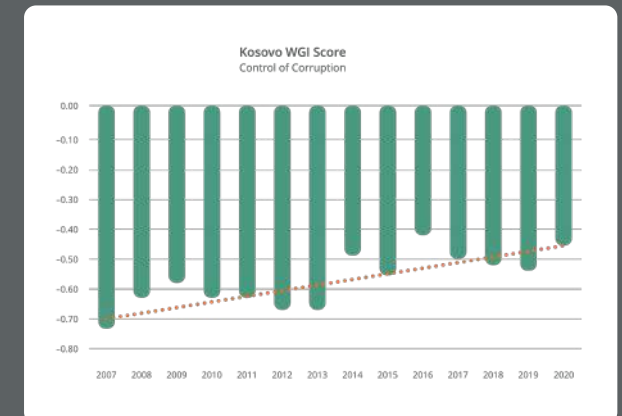
"The implementation of FreeBalance software throughout Kosovo is a critical component of Kosovo's democratic development and economic liberalization program. The FreeBalance system provides Kosovo with the necessary technology to ensure sound fiscal management whilst amplifying transparency and good governance."

Kosovo Ministry of Finance
Labor and Transfers

Other Indicators

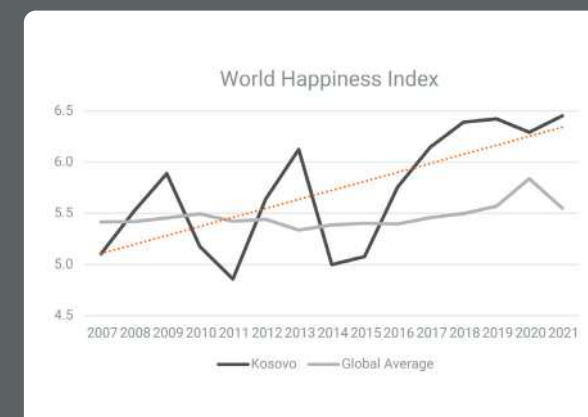
World Governance Indicators

Kosovo's progression in key indicators relating to PFM shows steady improvement



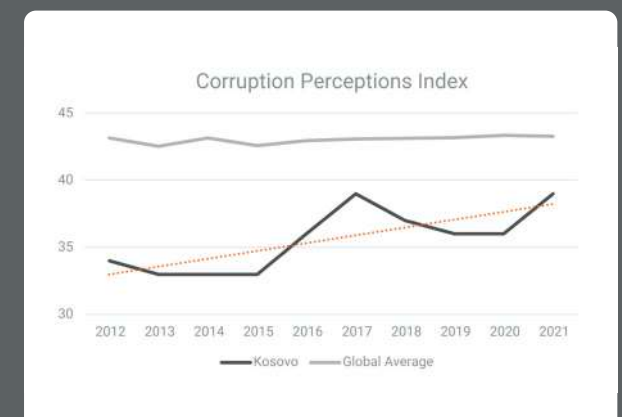
World Happiness Index

The latest World Happiness Report – our proxy measure for citizen wellbeing – shows a strong improvement in national happiness in Kosovo.



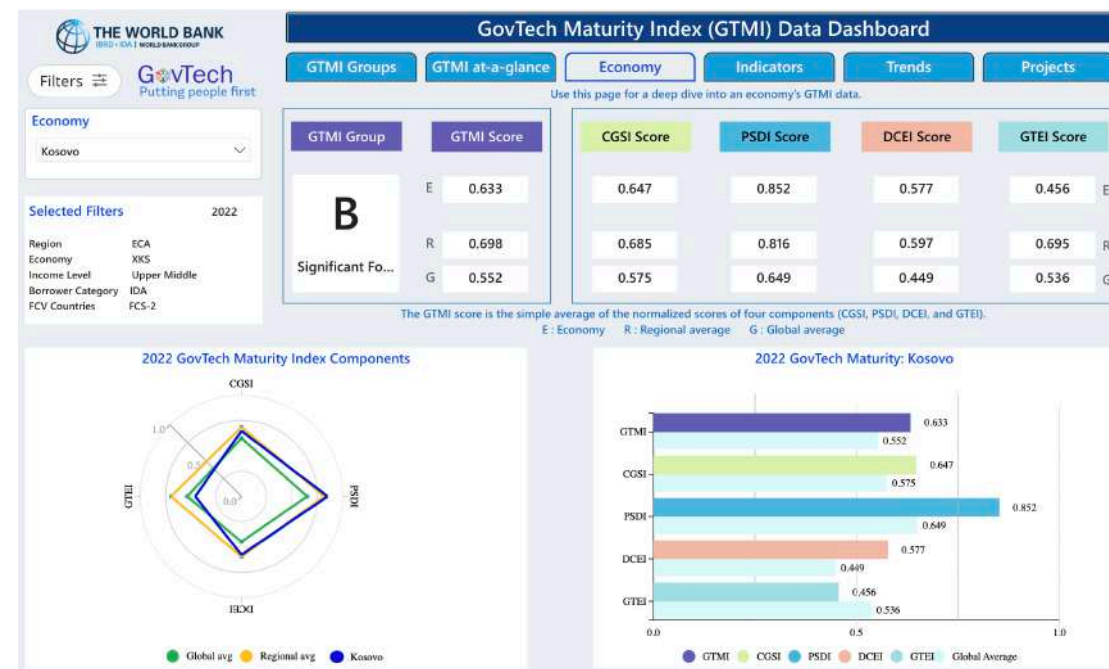
Corruption Perceptions Index

While still below the global average Kosovo's performance in the Corruption Perceptions Index has improved by almost 10%.



GovTech Maturity Index

The latest update ranks Kosovo as having high levels of GovTech maturity.



Explore more [here](#).

Conclusion

The Government of Kosovo has achieved remarkable results in PFM reform with the KFMIS system being a critical component of the country's democratic development and economic liberalization program. Kosovo has sequenced legal reform, improved governance, and achieved international PFM standards under difficult conditions. This has contributed to independence, IMF and World Bank membership, European Union accession processes, improving international assessments and increased recognition by global governments.

Sierra Leone

The latest PEFA Assessment from the Public Expenditure and Financial Accountability Secretariat shows that the Government of Sierra Leone has made good progress in many aspects of Public Financial Management (PFM) reform.

While there is still work to be done, the government can be commended for its achievements despite the difficulties associated with the pandemic.

The recent upgrade to Version 7 of the FreeBalance Accountability Suite™ was called out as one of the noteworthy achievements of Sierra Leone's PFM reform agenda. As was the rollout of the upgraded FreeBalance system to 61 Ministries, Departments and Agencies (MDAs), and the training on the newly implemented (GPPB) Government Performance Budgeting module.

Background

In 2004 the Government of Sierra Leone selected FreeBalance to deploy the FreeBalance Accountability Suite™ as its Integrated Financial Management Information System (IFMIS) as part of the government-wide institutional reform and capacity-building project. The IFMIS is a critical component of the government's PFM reform program and poverty reduction goals and the latest PEFA Assessment demonstrates the excellent progress made to date.

The Ministry of Finance uses the FreeBalance Accountability Suite™ to manage the budgeting, accounting and financial management functions throughout all tiers of the public sector. In addition, the FreeBalance (CSPR) Payroll solution manages, calculates and processes the pay for 70,000 staff government-wide.

The rollout was supported by training for all users, a help desk, incremental adjustments of the system and gradual activation of functionality.

FreeBalance Accountability Suite™

The Government of Sierra Leone uses modules from all of the pillars of the FreeBalance Accountability Suite™:

- (GPM) Government Performance Management
- (PFM) Public Financials Management
- (PEM) Public Expenditure Management
- (GTM) Government Treasury Management
- (GRM) Government Receipts Management
- (CSM) Civil Service Management

Progressive Activation

The FreeBalance Accountability Suite™ rollout followed a progressive activation approach. The implementation process was sequenced in three phases and adopted the government's PRINCE2 (Projects IN Controlled Environment) methodology for sequencing change and technology introduction.

Phase I focused on budget execution and expenditure management - configuring the IFMIS embedded commitment controls, aid management rules, payroll, and a uniform Chart of Accounts (COA) to capture receipts, expenditures and commitments, IFAC-compliant cash accounting, reporting and auditing. Phase II focused on extending access to the IFMIS to central government ministries and the police. Phase III connected all central government ministries with the 19 local councils at remote locations to support devolved budget transfers¹.

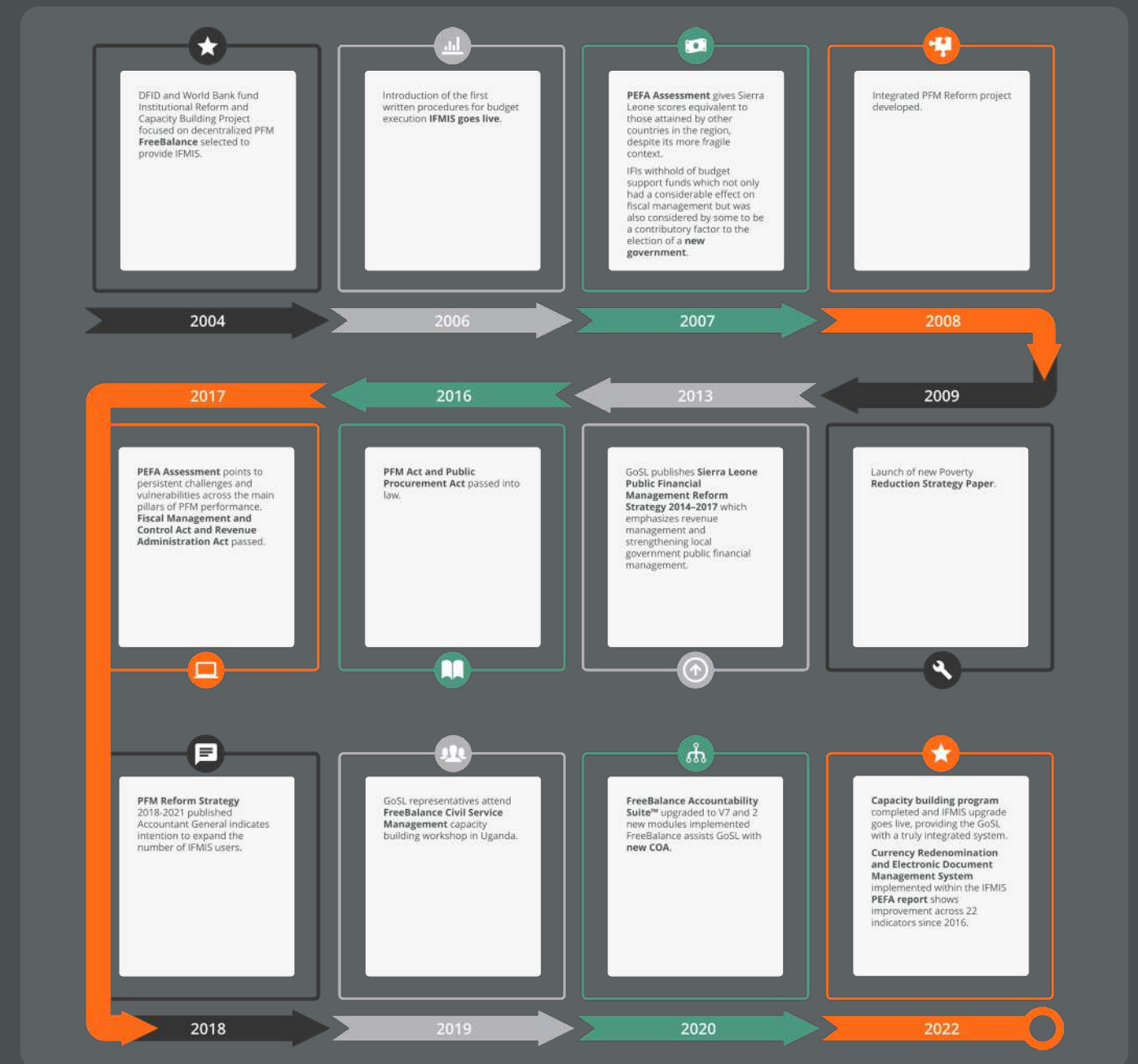
PEFA Assessment

The Government of Sierra Leone maintained its 'A' rating in nine indicators and was awarded ten new 'A' scores, notably in the Predictability and Control in Budget Execution and Management and Assets and Liabilities indicators. The government also achieved 15 'B' ratings, of which five are an improvement over the previous results. Overall, Sierra Leone improved its PFM performance in 22 indicators.

It is particularly pleasing to note that the Government of Sierra Leone was awarded an 'A' overall for budget classification and budget transfers, two key elements of the Transparency of Public Finances pillar. The FreeBalance Accountability Suite™ is the ideal solution for governments eager to improve governance, accountability and transparency.

One of the most important capabilities of Government Resource Planning (GRP) software, like the FreeBalance Accountability Suite™, is the flexibility of the Charts of Accounts (COA) functionality. The suite supports budget classification needs and standards like Government Financial Statistics (GFS), Common Functions of Government (COFOG) and International Public Sector Accounting Standards (IPSAS). A program segment in the Sierra Leone COA supports Activity-Based Costing (ABC) while tracking budgets and spending on Sustainable Development Goals (SDGs) and the National Development Plan. The multiple-year COA in the FreeBalance Accountability Suite™ has enabled the Government of Sierra Leone to adapt budget classifications to meet reform needs including upgrading from 27 to 33 digits.

¹ <https://www.pefa.org/node/5185>



"Successful public financial management (PFM) is one of Sierra Leone's main achievements since the end of the civil war which plagued the country during the 1990s. Improvements are still needed, but the country's successful performance in the midst of extremely precarious conditions is a case study of how timing, commitment, and capacity are fundamental to PFM reform."

UNU WIDER

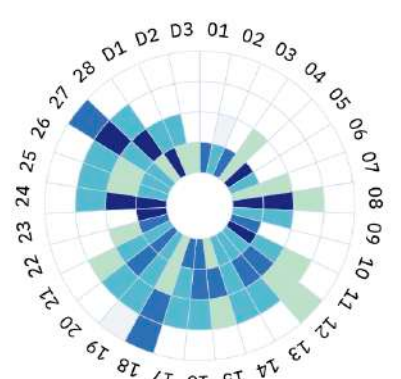
"The new IFMIS version 7 with the updated Chart of Accounts (CoA) has the capacity to track expenditure based on economic, administrative, functional and program classifications, as well as the possibility to track expenditures according to gender."

2022 PEFA Report

PEFA evaluators highlighted the commitment controls and segregation of duties functionality in the FreeBalance Accountability Suite™ and scored the Government of Sierra Leone's Financial Data Integrity as an 'A' thanks to the detailed audit trail, effective password management, and comprehensive authentication and authorization.

Sierra Leone PFM Improvements

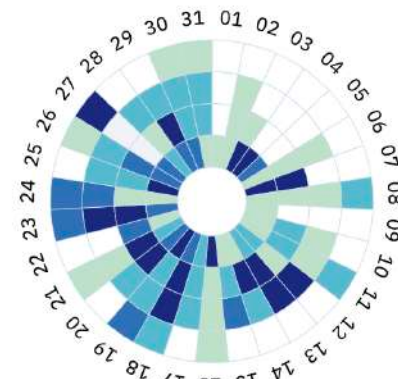
The dramatic Public Financial Management improvements that Sierra Leone has made over time are clearly evident by comparing the country's first PEFA Assessment in 2007 to the current results.



COUNTRY
Sierra Leone

YEAR
2007

FRAMEWORK
2011 Framework



COUNTRY
Sierra Leone

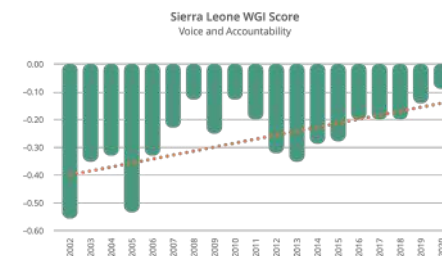
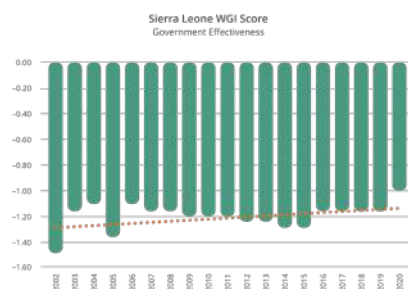
YEAR
2022

FRAMEWORK
2016 Framework

Other Indicators

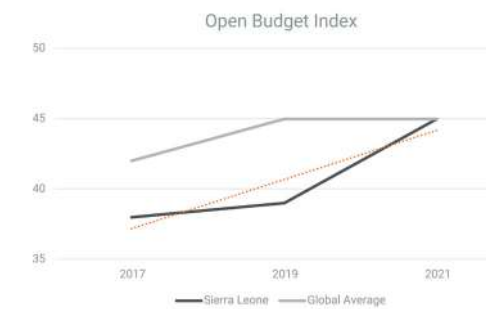
World Governance Indicators

The World Governance Indicators related to PFM show improvements in both Sierra Leone's scores and ranking – especially in Control of Corruption.



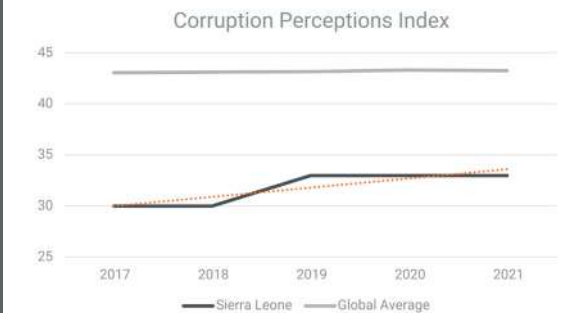
Open Budget Index

Sierra Leone improved its ranking in the latest Open Budget Index.



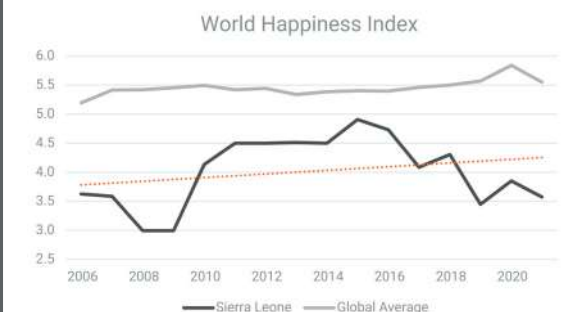
Corruption Perceptions Index

Sierra Leone has made good advances in combating corruption.



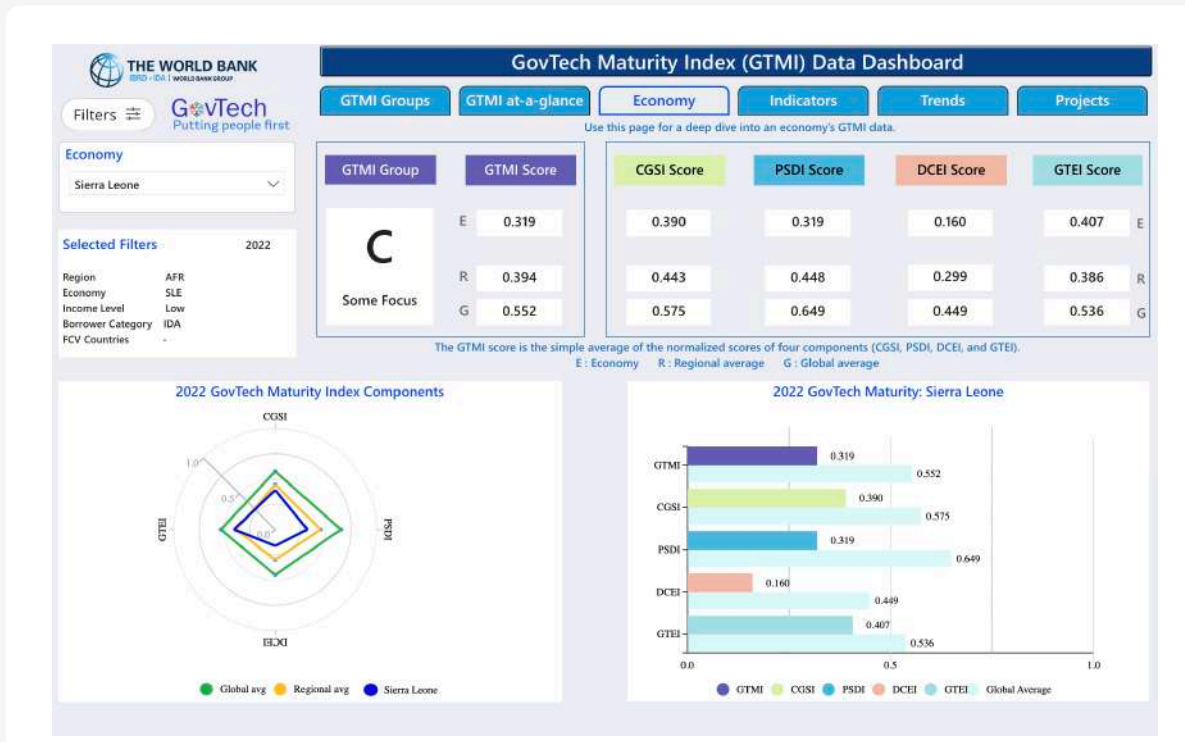
World Happiness Index

Sierra Leone's progression in the World Happiness Report shows steady improvement.



GovTech Maturity Index

Sierra Leone is ranked as a 'C' in the GovTech Maturity Index.



Explore more [here](#).

Conclusion

The FreeBalance Accountability Suite™ is a critical component of the government's program of decentralization, improved public financial management and the achievement of its rehabilitation and poverty reduction goals. FreeBalance is proud to have helped to facilitate the significant PFM reform progress made in Sierra Leone and looks forward to assisting the government with further modernization efforts.

The Government of Sierra Leone is a member of the FreeBalance International Steering Committee (FISC), a select group of FreeBalance customers that set product direction and priorities for the FreeBalance Accountability Suite™.

FreeBalance and the Ten Principles

FreeBalance is committed to building smart prosperity globally. Social responsibility is at the heart of everything that we do. Our focus is on delivering good governance through robust government-specific technology and advisory services that drive sustainable and equitable growth.

We embrace our responsibility to contribute to the market and communities that we operate in, while ensuring that our practices minimize negative effects on the environment. Our commitment to international development, active participation in the global community, social responsibility and alignment to the UN Global Compact is what FreeBalance Global Citizenship is all about.



HUMAN RIGHTS



LABOR



ENVIRONMENT



ANTI-CORRUPTION

Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2

Businesses should make sure that they are not complicit in human rights abuses.

Assessment, Policies and Goals

FreeBalance respects and protects human rights within the company and our supply chain and conducts due diligence on partners and associates to ensure that we are not unwittingly complicit in any human rights abuses.

[Read our Commitment Against Modern Day Slavery >>](#)
[Explore our Integrity Compliance Program >>](#)



Implementation

FreeBalance annually recommits employees, partners and suppliers to the company's Integrity Compliance Program, as defined in our ISO 9001:2015 certified Quality Management System. During the review period, FreeBalance underwent a full ISO audit and has been recertified for the next three years.

Measurement of Outcomes

FreeBalance has a well-established whistleblower protocol and during the reporting period **zero human rights complaints were reported.**

Labor

Principle 3

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5

Businesses should uphold the effective abolition of child labor.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Assessment, Policies and Goals

FreeBalance is dedicated to providing equal employment opportunities for all applicants and employees. Discrimination on the basis of age, race, color, religion, sexual orientation, gender identity, national origin, ancestry, pregnancy, physical or mental disability, status as a veteran, or any other legally protected status is prohibited. Our recruitment process evaluates candidates based on skill set and experience than any distinguishable characteristics.

[See our Code of Conduct >>](#)
[See our Commitment to In-Country Economic Contribution >>](#)
[See our Commitment to Health and Safety >>](#)

Implementation

In the year under review FreeBalance continued to increase the number of local employees. The health and safety of employees is a priority concern.

Measurement of Outcomes

Percentage of staff who live and work in the countries of our customers:

2020	2021	2022
46%	49%	58%

There are currently **45 different nationalities** represented within FreeBalance (2021: 42).

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.



Part of the village of Eita in the nation of Kiribati, which is only two metres above sea level and is already feeling the impact of rising sea levels. Photograph: Jonas Gratzner/LightRocket via Getty Images. Source: [The Guardian](#)

Assessment, Policies and Goals

Health, safety, security and the environment are critical elements of success for our employees and our business. FreeBalance is committed to protecting the environment and continually improving its environmental performance.

[Read our Commitment to the Environment >>](#)

Implementation

FreeBalance undertook high-level assessments of the company's current environmental impacts. This is an ongoing project that will be reported on in further detail in the future.

Measurement of Outcomes

FreeBalance has reviewed the location of all offices and ascertained that none are located in or near areas of high biodiversity value. The company has leased offices in:

- Ottawa, Canada (Head Office)
- Belém, Brazil
- Tegucigalpa, Honduras
- Bangalore and Kolkata, India
- Prishtina, Kosovo
- Managua, Nicaragua
- Manila, Philippines
- Lisbon, Portugal
- Colombo, Sri Lanka
- Paramaribo, Suriname
- Port of Spain, Trinidad and Tobago
- Kampala, Uganda
- Miami, United States of America

In addition, FreeBalance has teams working remotely or at customer locations in:

- São Paulo, Brazil
- Pereira, Colombia
- Guatemala City, Guatemala
- Georgetown, Guyana
- Port-au-Prince, Haiti
- Kingston, Jamaica
- Tarawa, Kiribati
- Vientiane, Laos
- Monrovia, Liberia
- Islamabad, Pakistan
- Ramallah, Palestine
- Panama City, Panama
- Freetown, Sierra Leone
- Johannesburg, South Africa
- Khartoum, Sudan
- Dili, Timor-Leste
- Tunis, Tunisia
- Bath, United Kingdom
- Washington, D.C., United States

Future reporting will be provided in line with the new COP reporting requirements.

Helping the Government of Kiribati Manage Climate Risks

The IFMIS solution from FreeBalance will enable the Government of Kiribati to improve governance and accelerate public financial management reform by leveraging proven, web-native technology to improve transparency, accountability and development outcomes.

“

“The core priorities of the Kiribati Development Plan are to eliminate poverty and reduce inequality and injustice through inclusive economic growth, building human capabilities, enhancing the capacity of the state, and strengthening the institutions of good governance and democracy. Governance is one of our key priority areas and we look forward to strengthening accountability and improving service delivery through the implementation of the IFMIS.”

Hon. Dr. Teuea Toatu

Vice President and Minister for Finance and Economic Development

”

Climate Risk Assessment of Kiribati Finds Significant Ecological and Financial Risk

Kiribati islands have a maximum height of 2 – 3 meters above sea level and the expected sea level rises as a result of climate change may cover more than 50% of Tarawa (the capital and most populous island) threatening over 60% of the island's population.

The recent **CORVI** climate risk assessment revealed the high risks that the nation faces. This pilot CORVI Rapid Assessment is a condensed version of the Climate and Ocean Risk Vulnerability Index (CORVI) methodology developed by the Stimson Centre. The information is used to develop high-level priority recommendations for the Government of Kiribati and other key stakeholders to reduce climate vulnerabilities and work to build a sustainable future.²

Ecological Risk

Tarawa: Ecological Risk

Each indicator is scored on a 1-10 scale.

Low 1 - 2.5 | Medium 2.51 - 5 | Medium-High 5.01 - 7.5 | High 7.51 - 10

Category	Indicator	Score
Climate	Change in Sea Surface Temperature	7.67
	Cases of Vector-Borne Disease Infections	7.00
	Number of People Affected by Extreme Weather Events	3.64
Ecosystems	Health of Existing Mangroves	5.99
	Health of Existing Sea Grass Beds	5.57
	Health of Existing Coral Reefs	5.36
Fisheries	Number of Incidents of Foreign Vessels Fishing in EEZ	7.12
	Capacity of Fisheries Enforcement Institutions	5.36
	Near Shore Fish Stock Status	4.90
Geology/Water	Percent of Island at Risk of Flooding	8.77
	Rate of Coastal Erosion	8.60
	Piped Water Supply Continuity	6.53

Table: Stimson Center • Embed • Created with Datawrapper

In the event of a crisis, it is critical for governments to have accurate information about their financial situation in order to make informed decisions. However, without good Public Financial Management (PFM) processes and systems in place, this is often difficult or impossible.

The foundation of all good PFM is an Integrated Financial Management Information System (IFMIS) such as the FreeBalance Accountability Suite™.

Good public financial management is an important part of good governance. It ensures that revenues are collected efficiently and effectively, expenditures are controlled, and resources are used in a transparent manner to achieve desired outcomes. The FreeBalance Accountability Suite™ helps governments to improve their PFM processes by providing an integrated platform that supports all aspects of financial management, from budgeting and planning to expenditure control, cash management, accounting, and treasury. The Suite also includes powerful tools for data analysis, reporting, and visualization.

By improving PFM processes, the FreeBalance Accountability Suite™ helps governments respond more effectively to crises by providing the information and tools necessary to make quick and informed decisions. For example:

- Supporting the reallocation of spending through classification and process improvements
- Optimizing controls to facilitate priority spending, enable audit, and reduce less important expenditures through workflow adjustments
- Enhancing tracking, forecasting, and transparency through integration of timely data across information systems

² <https://www.stimson.org/2022/corvi-risk-profile-tarawa-kiribati/>

Anti-Corruption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policies and Goals

FreeBalance products and services are designed to improve governance and reduce corruption. As such it is imperative that we operate with a level of integrity that is beyond reproach.

The FreeBalance Integrity Compliance Program is designed to help advance and preserve this trust and to meet the evolving compliance guidelines of the International Financial Institutions (IFIs) and international law. We have taken additional steps in our program to reflect international best practices and laws, including:

- Canadian Corruption of Public Officials Act, Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and Canadian criminal code
- United States Foreign Corrupt Practices Act
- Transparency International
- World Economic Forum Partnering against Corruption Initiative (PACI)
- Organization for Economic Co-operation and Development (OECD) Anti-Bribery Convention

Implementation

The company's Integrity Compliance program is a cornerstone of FreeBalance's modus operandi. The program is comprised of these key elements:

- FreeBalance **Code of Conduct**
- FreeBalance **Anti-Corruption Policy**
- FreeBalance Integrity Due Diligence Policy

The program is well entrenched internally with staff receiving training and ongoing communications with regards to integrity compliance. All employees are required to sign the Attestation of Compliance at the commencement of employment and to re-certify periodically, whereby they confirm their understanding and commitment to adhere to the FreeBalance Code of Conduct and Anti-Corruption Policy. In 2022, FreeBalance issued its first FreeBalance Annual Statement – Zero Tolerance Approach to Bribery and Corruption as an important reminder to all staff of the culture on ethics and integrity at FreeBalance. Furthermore, the FreeBalance due diligence program has been improved to incorporate new tools and processes during 2022.

The company's policies and supporting documents are in the process of being refreshed to improve the integration of the program with the ISO 9001 process. The publication of the uploaded policies is scheduled for Q1 2023. The FreeBalance Integrity Compliance Training Program is also being refreshed with the rollout of the new program scheduled for early next year.

Externally, FreeBalance's products and services continue to help combat corruption in customer governments. Over and above sales of the FreeBalance Accountability Suite™ and our advisory services, The FreeBalance Academy helps to build PFM capacity around the world.

FreeBalance Accountability Suite™ Footprint

Measurement of Outcomes

The Integrity Compliance program continues to evolve and improve and during the year there were **no internal corruption cases**. The integrity compliance team was expanded during 2021 to add positions focused on faster processing of inquiries, cases and due diligence for our partners and subcontractors. This foundation enabled the success of the program in 2022, during which time the integrity compliance team transitioned to better integrate with the Alliances team. The compliance team now has direct interaction with 3rd parties to streamline the due diligence process.

The backlog of pending due diligence cases has been eliminated and processing times reduced, achieving our target turnaround time. The process of migrating the due diligence process into Zoho as part of our integration with the Alliances team has commenced, with full deployment scheduled for early 2023.

In addition, the transparency of compliance activities has been improved through the Chief Compliance Quarterly Report to the Board of Directors. During 2022, an internal independent review was done on the case management process, and was found to be comprehensive.

Combating Corruption

The FreeBalance Accountability Suite™ helps to promote governance, accountability and transparency around the world. The footprint of the Suite serves as a proxy measure for the impact that the company has on combating corruption and this year a number of new modules were implemented for existing customers and contracts were won in two new countries in 2022.

New Countries

2020	2021	2022
1	0	2

New Functionality and Modules Implemented - Existing Customers

2020	2021	2022	2023
	3 customers	6 customers	6 customers
GPM	2 modules	2 modules	2 modules
PFM	2 modules	1 module	1 module
PEM	-/-	1 module	1 module
GTM	1 module	2 modules	2 modules
GRM	-/-	-/-	-/-
CSM	-/-	3 modules	2 modules

Afghanistan	Antigua & Barbuda	Brazil (Pará)	Canada	Guyana	Haiti
PFM	GPM	GPM	GPM	GPM	GPM
PEM	PFM	PFM	PFM	PFM	PFM
	PEM	PEM	PEM	PEM	PEM
	GTM	GTM	GTM	GRM	GTM
	GRM	GRM	GRM		GRM
	CSM		CSM		

Honduras	Jamaica	Kiribati	Kosovo	Liberia	Mongolia
GPM	GPM	GPM	PFM	GPM	PFM
PFM	PFM	PFM	PEM	PFM	PEM
PEM		PEM	GTM	PEM	GTM
GTM		GTM	GRM	GTM	
GRM		GRM		GRM	
CSM				CSM	

Nicaragua	Philippines	Sierra Leone	South Sudan	Sri Lanka	Suriname
GPM	GPM	GPM	GPM	GPM	GPM
PFM	PFM	PFM	PFM	PFM	PFM
PEM	PEM	PEM	PEM	PEM	PEM
GTM	GTM	GTM	GTM	GTM	GTM
GRM	GRM	GRM		GRM	GRM
		CSM			CSM

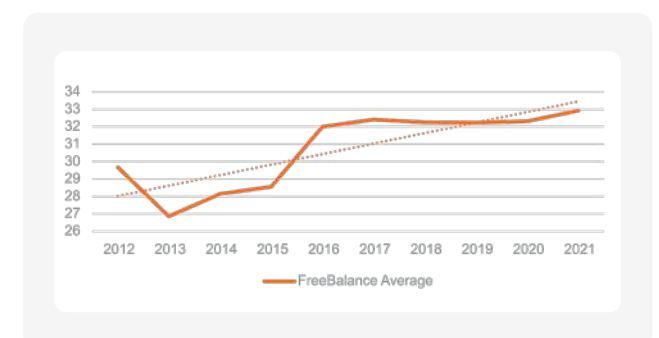
Timor-Leste	Trinidad & Tobago	Tunisia	Uganda
GPM	GPM	GPM	CSM
PFM	PFM		
PEM	PEM		
GTM	GTM		
GRM	GRM		
CSM			



Corruption Perception Index

Transparency International's latest Corruption Perception Index showed an average improvement of 1.6 points for FreeBalance customers vs global average decline of -0.1 in the review period.

Since 2012, FreeBalance customers have improved their scores by 3.3 points vs the global average increase of 0.11.



Partner Program

FreeBalance is committed to developing and maintaining global partnerships and alliances that strengthen government accountability, fiscal transparency and good governance. We believe that a strong partner network enhances our market offering. Partners increase our reach into new markets creating opportunities for growth for both FreeBalance and our Partners.

Part of the FreeBalance process for establishing long lasting business relationships is conducting an appropriate level of due diligence with regards to new and existing relationships in accordance with the FreeBalance Integrity Due Diligence Policy and integrated into the ISO 9001:2015 supplier management processes. This due diligence is part of our ongoing commitment to conduct business with the utmost level of integrity, and is applied consistently to all new partners, subcontractors and vendors. Additionally, all approved partners and subcontractors involved with FreeBalance customer projects and in business development roles are required to sign the Attestation of Compliance at the commencement of the relationship and to recertify periodically, whereby they confirm their understanding and commitment to adhere to the FreeBalance Code of Conduct and Anti-Corruption Policy.

In the review period FreeBalance launched its new **Reseller Program** which will assist the company in meeting its objective of extending the footprint of the FreeBalance Accountability Suite™ and combating corruption.

A FreeBalance Reseller is an authorized partner who may sell, implement and support the FreeBalance Accountability Suite™ to government ministries, departments and agencies (MDAs) as well as other public sector verticals. Target customers include budget-driven government entities such as MDAs, parastatals, state-owned enterprises and local authorities.

Resellers earn a margin on software licenses, implementation and ongoing support, and receive full support from FreeBalance across the entire sales and service lifecycle. FreeBalance partners also benefit from FreeBalance product training through The FreeBalance Academy and PFM certification through organizations such as ACCA (Association of Certified Chartered Accountants) and the ICGFM (International Consortium on Government Financial Management).

2021	2022
263%	10%

PFM Capacity Building

Training and government capacity building is one of FreeBalance’s core social mandates. The FreeBalance Academy delivers comprehensive and practical training to equip civil servants and PFM practitioners with the skills required to drive sustainable growth. One outcome of the training is that civil servants are enabled to optimize use of the FreeBalance Accountability Suite™ which results in increased government transparency and accountability.

Developed by government experts for governments around the world, our curriculum has been carefully constructed to build the skills that matter the most for successful PFM reform. Launched in 2020, The FreeBalance Academy offers a range of training courses to meet the diverse needs of the global PFM community including certificate courses from ACCA and the ICGFM.

- A number of new courses were added to The FreeBalance Academy this year including:
- ICGFM Foundation Course in Public Financial Management
 - Treasury Management
 - Purchasing Management

In addition, The FreeBalance Academy delivered a number of onsite training programs and workshops around the world.

Extent of PFM Training

- In 2022, FreeBalance provided PFM training covering 80% of components in the PFM Component Map as referenced on pg 12 of this report.
- Previous years were not measured



PFM reform training session



End user training

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