

**“Catalyzing Development Partnerships for Inclusive and Sustainable Growth”  
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Good morning, ladies and gentlemen. I am truly delighted to be here today to participate in this important event.

As you are all aware, the global financial crisis has focused a spotlight on the relationship between the accountancy profession, financial stability, and overall economic and social progress.

After all, accountancy is the foundation of high-quality financial information. And high-quality financial information increases transparency, enhances the effective management of public resources, and furthers country stability and economic growth—which, in turn, facilitates foreign direct investment.

It is also vital to support economic growth in the private sector.

The development of capital markets requires credible and reliable financial information. Such information builds investor confidence, furthers sound economic and financial management and increases the attractiveness of a country’s investment climate—which, in turn, facilitates business development.

Both of these facilitate inclusive and sustainable growth.

Clearly, the International Federation of Accountants believes that developing sound accounting and auditing practices is essential to achieving results—particularly economic growth and job creation.

For over 30 years, IFAC has worked to make publicly available standards and related guidance for audit, assurance, ethics and education. We have worked to encourage high-quality financial reporting, and support sound financial management. And we have worked to establish and strengthen the profession, and actively promote global accountancy development.

In developing and transitional countries, we have focused our efforts on awareness building, knowledge sharing, and collaborative efforts.

In many developing and transitional countries there is a lack of awareness and understanding regarding the role of professional accountants and the positive impacts a strong profession can have on economic stability and growth.

As a result, governments don’t create the legislative frameworks necessary to do things like support and recognize professional accountancy organizations—or PAOs—and ensure independent oversight.

This lack of awareness also makes it difficult to attract individuals to the profession, resulting in a lack of experience and technical capacity. The PAO is less able to provide educational opportunities, guidance and assistance to the profession, be a strong resource for policymakers, and be a strong advocate for accountancy development and financial sector reform.

Professional accountancy organizations, when properly structured and resourced, can make major contributions to reform and development efforts—not only for the benefit of their members but for the public financial management, financial stability, economic growth, and social progress.

Helping countries and regions develop in this way is an enormous multifaceted challenge. It's not something that one organization, working by itself, can take on. Therefore, we clearly recognize that we need to work together to coordinate our activities. And, thus, the theme of my remarks today: Catalyzing Development Partnerships for Inclusive and Sustainable Growth.

With the collaboration, assistance and support of the international donor community, there is much we can accomplish. And, as you know, we have been working closely with the donor community—and, in particular, the World Bank—in this area for quite some time. Needless to say, as you will hear from Tony shortly, what IFAC does to support economic growth is just one component of the World Bank's efforts to fight poverty. But it's an important one.

With that in mind, let me give you a brief update about some of the ways that IFAC works toward inclusive and sustainable growth, as well as how development partnerships are helping achieve our goals.

IFAC's Professional Accountancy Organization Development Committee—or simply the PAO Development Committee—is one of the key platforms through which we are involved in this area.

The committee works to build strong PAOs and competent and capable accountancy professionals. How?

By producing tools and guidance.

The PAO Development Committee recently published a revised edition of a Good Practice Guide, *Establishing and Developing a Professional Accountancy Body*, to support professional accountancy organizations in areas including role and responsibilities, education and examinations, and capacity development. The guide was developed in English, and will be translated into Arabic, French, Russian and Spanish later this year.

The committee also recognizes that accounting technicians are an important component of the profession in many emerging economies, particularly where there is strong demand for skilled individuals to contribute to the financial reporting and decision-making process, but individuals may not have the resources to qualify as professional accountants.

The Good Practice Guide: *The Education, Training and Development of Accounting Technicians*, raises awareness of the need for and role of accounting technicians, especially in developing nations.

The committee also conducts targeted outreach activities to key stakeholders.

IFAC works directly to encourage the growth and development of the profession in countries where it is currently weak or non-existent. As part of this effort, IFAC staff work with donor, government, and private sector entities to raise awareness of the importance of accountancy, the need for a formal profession, and the economic and social benefits it can bring.

Needless to say, this effort requires significant resources—to identify stakeholders, conduct outreach, and track progress.

The PAO Development Committee also facilitates the sharing of information and good practices among PAOs, Regional Organizations, and Accountancy Groupings. These groups play a key role in coordinating development activities, leveraging cost-effective synergies, and providing long-term support and assistance. They also develop regional strategies that address the unique regional key challenges.

Next: IFAC's Compliance Advisory Panel, or CAP, is also integrally involved in these efforts. This group works with IFAC members and associates to develop Action Plans. Action Plans are basically strategic road maps to help these organizations become stronger and better, and make progress with respect to the IFAC's 7 Statements of Membership Obligations, which cover quality assurance; accountancy education; accounting, auditing, and ethics standards; and investigation and discipline.

The CAP works closely with these organizations to develop their Action Plans, further contributing to the improvement of accounting and auditing regulation in their country. The Compliance staff also works on a continuous basis with the World Bank, acting as a peer reviewer of Accounting and Auditing ROSC Reports, from initiating memorandums to final reports. This year, the Compliance staff has reviewed about 8 ROSC reports.

A third IFAC committee that focuses on high-quality accounting practices is the Small and Medium Practices, or SMP, Committee. SMEs, and the SMPs that support them, are important the engines for growth and employment, and vital to the sustainability of economic development—particularly in developing and transitional economies.

And we're gratified that tomorrow's agenda focuses on these two sectors.

IFAC's SMP Committee maintains The International Center for Small and Medium Practices on the IFAC website, which provides resources and facilitates the exchange of knowledge and best practices among SMPs. It also works to ensure the needs of the SMP sector are considered by standard setters, and speaks out on behalf of SMPs to raise awareness of their value and the importance of the small business sector overall. Finally, it develops free guidance and tools, including the ISA Guide for Small and Medium Audits and the Quality Control Guide for SMPs—two very important implementation resources.

And a fourth IFAC committee that focuses on high-quality accounting practices is the Professional Accountants in Business, or PAIB, Committee. There are more than one million professional accountants worldwide employed in commerce, industry, financial services, education, and the public and not-for-profit sectors. And this committee develops resources for them and helps exchange knowledge and best practices among them.

The committee also helps build global recognition of professional accountants as business leaders and strategic partners in building long-term sustainable value. The PAIB Committee is currently focused on governance and ethics, risk management and control, sustainability and corporate responsibility; financial management; and business reporting.

Accountants in the public sector and within governments are a key part of this group. They have responsibility for ensuring accountability and transparency in public sector financial reporting and financial management—a critical area particularly for developing and transitional nations. In this regard, IFAC supports the International Public Sector Accounting Standards Board, which develops standards for public sector accounting.

These are primary ways that IFAC works toward inclusive and sustainable growth.

Development partnerships are another important way to achieve this growth.

One type of development partnership is with the international donor community and public / private sector stakeholders. We work closely with these groups to share resources, knowledge and experience and deliver guidance, advice and assistance in a more efficient and effective manner. Indeed, one of our new initiatives is the International Organizations Collaboration Program. This program will work to raise awareness of the importance of accountancy in overall social and economic development, strengthen strategic alignment between the PAO Development Committee and international organizations, enhance collaboration and cooperation, and increase communication.

Already there have been some significant achievements, including a meeting between the PAO Development Committee and the OPEC Fund for International Development, and last, but definitely not least, an MoU between IFAC and the international donor community, which is currently being finalized. And I'm sure that we will hear more about it later today.

Another type of development partnership is regional organizations and accountancy groupings. These groups are an integral part of strengthening a region's economy and developing the profession. They develop coherent strategies and help ensure that national, regional, and international strategies are well coordinated and connected. They encourage convergence, conduct outreach to professional accountancy organizations and standard setters, and work with their members to help them adopt international standards. They provide tools and guidance to support implementation, provide train-the-trainers materials, and support members' ongoing training efforts. They bring economies of scale and provide a structure for members to share best practices.

I was fortunate last month to witness the launch of PAFA—the Pan African Federation of Accountants. This organization was first conceived at the Nairobi Africa Learning Workshop in 2006, when over 30 PAOs signed the Nairobi Declaration. And since then, IFAC, regional organizations, the World Bank, the African Development Bank, and other organizations, have worked to establish PAFA. We look forward to partnering with PAFA to support existing PAOs and help to establish new ones, and helping to ensure inclusive and sustainable development and progress across all of Africa.

A third type of development partnership that IFAC encourages and supports is mentoring activities. Mentoring matches a developed PAO with one that is less established. It enables direct and cost-effective transfer of knowledge and expertise—and does so in a comprehensive way.

But there is still work to be done: tools and guidance on mentoring activities, forums to provide training on mentoring relationships, grants to facilitate mentoring, and a system of oversight and monitoring still need to be further developed. And this is one area where I would really like to further catalyze our development partnerships—by engaging the donor community more actively.

But this is all a bit conceptual. Let me give you a real example of how IFAC works to catalyze development partnerships for inclusive and sustainable growth.

I am sure this success case is quite well known to at least some of you—but to me it clearly represents the value of development partnerships in bringing about a more sustainable and high-quality profession.

Following the end of the conflict in Kosovo, efforts to develop Kosovo's economic system began in 1999.

The first step was a law establishing requirements for financial reporting and the licensing of auditors, as well as a standard-setting board. In 2001, the Society of Certified Accountants and Auditors of Kosovo, or SCAAK, was formed. In 2003 SCAAK was admitted as an associate of IFAC.

The situation continued to evolve, and in 2006, the World Bank conducted a ROSC Report, and recommended how Kosovo could improve its framework for financial reporting and auditing, and the mechanisms for implementing this framework. In, 2007, the European Agency for Reconstruction began a two year technical assistance project to address a number of the ROSC Report recommendations, mostly aimed at capacity building within Kosovo's PAOs.

In 2007, SCAAK was partnered with Royal NIVRA—an established senior IFAC member body—for mentoring. Royal NIVRA provided invaluable services: guidance, advice, involvement in planning, operations and events. Royal NIVRA visited Kosovo, and SCAAK visited the Netherlands. Royal NIVRA joined SCAAK for key policy dialogues with government, regulators, the Central Bank, and other stakeholders. And it and provided added visibility and credibility with IFAC, global organizations and EU standard setters.

In 2008, Kosovo declared independence, and set the goal of joining the European Union. With Royal NIVRA's sponsorship, SCAAK was admitted as a full member of IFAC in 2009. It continued to participate actively in the REPARIS workshops and to work with the Center for Financial Reporting Reform.

This year, SCAAK celebrated its tenth anniversary. The accountancy profession is a critical part of the economic development of Kosovo and we playing an important role in helping the country achieve its goal of becoming a member of the European Union.

I hope you will all agree that this was a good example of IFAC working in partnership with the donor community and other stakeholders to work towards inclusive and sustainable growth.

Another successful platform for collaboration and partnership that I'd like to mention is CReCER, a regional initiative led by IFAC, the World Bank, the Inter-American Development Bank, and the Global Public Policy Committee.

It is a series of annual events, which in only a few years has already influenced the profession, governments, and regulators in Latin America and has started a movement towards adoption and implementation of international standards.

This year's event which will take place next week in Buenos Aires, will focus on the importance of better financial information for better economic development. In addition, part of the event will focus in local and international issues, and there will be a workshop in Spanish on IFRS for SMEs in Latin America and the Caribbean.

Like CReCER, events like the ADR2011 are very important platforms for collaboration, for learning, for exchanging information and sharing best practices... and for developing the global accountancy profession.

Because, clearly, developing the global accountancy profession is in the public interest. It is the basis of high-quality financial information. It underpins public financial management and the effective functioning of capital markets. It furthers economic growth and stability. And it is the

foundation of social progress. And that is why we all must work together to establish and strengthen the profession, and actively promote global accountancy development.

Again, I thank you for inviting me to be here today.

We at IFAC look forward to continuing to work with you to develop PAOs and the accountancy profession around the world, to support high-quality, sustainable accounting and auditing professions, and to support financial infrastructures and financial stability and growth in both developed and developing economies.

Thank you.

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