IFAC International Federation of Accountants®

COUNTING ON EACH OTHER

Establishing & Maintaining Effective PAO Partnerships

PAO Capacity Building Series

IFAC serves the public interest and strengthens the accountancy profession by:

- Supporting the development of high-quality international standards;
- Promoting the adoption and implementation of these standards;
- Building the capacity of professional accountancy organizations; and
- Speaking out on public interest issues.

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Setting the Stage: Collaborating to Develop the Global Profession

A healthy economy needs a well-functioning accountancy profession, one supplying high-quality financial information produced by skilled professionals. These professionals are best supported by strong professional accountancy organizations (PAOs).

ADDRESSING THE NEED

IFAC estimates that there are more than 150 jurisdictions across the globe where the growth of the accountancy profession is hindered, either because there is no PAO or the one in place does not have the capacity to function effectively. Addressing this problem is a daunting task—it will likely require more than US $100M and could take decades.

A key success factor in achieving sustainable results is enhanced collaboration across the global, regional, and national levels of the accountancy profession and the involvement of the entire international development community.

The *PAO Global Development Report* *(GDR)*, published through the MOSAIC initiative, identified 10 key areas of focus for driving development of the accountancy profession around the world. One of these is the establishment of knowledge-sharing relationships between PAOs, which it identifies as "an efficient and effective method of sharing knowledge and transferring sustainable expertise from one organization to another."

A strong PAO:

- acts in the public interest;

- produces and develops capable and competent accountancy professionals;

- promotes and enforces strong professional and ethical standards;

- acts as a resource to government, regulators, and other stakeholders; and

- enhances the quality of financial management and reporting.

BUILDING CAPACITY THROUGH PAO PARTNERSHIPS

Since the GDR was published, more and more PAOs are working together in a variety of ways. Approaches include long-term twinning arrangements, fixed-term donor funded projects, and a wide range of other partnerships, formal and informal, aimed at facilitating learning. There can be significant value in having a PAO share its experiences with another, telling the story of how it got to where it is, with the aim of coaching another PAO through the same process.

Based on real experiences, this guidance offers practical insights on how to approach partnerships between PAOs.[1] Our focus is on *approaching* capacity building and identifying and managing partnerships (the "how"), and not the *content* of the capacity building itself (the "what").

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[1] Among other sources, this guidance draws from *IFAC's Mentoring Guidelines for Professional Accountancy Organizations* (2008), the extended report from the Mentoring Insights Workshop held in Dubai in February 2012, and additional input from outreach, including the IFAC PAO Development Committee's regional knowledgesharing events.

The Value of Collaboration

Effective partnerships can bring clear and sustainable benefits for capacity building, not only to the parties directly involved but also to the broader national, regional, and global accountancy communities.

The PAOs

The right partnership can drive a PAO to reach its potential. In addition to specific benefits—which might include enhanced strategic planning, updated exams, or a more effective training program—a PAO may attract more members and/or generate more revenue. By committing to support another PAO, a more established PAO can meet its corporate social responsibility by contributing to the development of the profession, in its own jurisdiction and beyond.

The Public Interest

The ultimate goal of any PAO development partnership is to serve the public interest by strengthening the accountancy profession so that it can effectively contribute to robust international economies.

The Profession

A stronger PAO is able to develop more competent members—individual accountants that follow professional and ethical standards. These professional accountants contribute to enhancing the quality of national financial management and reporting, which, among other things, attracts foreign direct investment, enhances transparency and accountability in the public sector, and improves the design and delivery of vital public services.

What Does Collaboration Between PAOs Look Like?

TYPES OF PARTNERSHIP

This guidance focuses primarily on partnerships aimed at strengthening PAO institutional or technical capacity. There are many different approaches to this kind of collaboration and, when choosing how to take a partnership forward, it is important to consider the outcomes you want to achieve.

Mutual Recognition Agreement (MRA): Establishes the basis for reciprocity between two PAOs by providing a route for members of one PAO to become a member of another. In some cases, the route may involve additional assessments, such as taking national law and taxation exams.

Memorandum of Understanding (MoU): A high-level agreement between two PAOs that outlines shared objectives and signals a commitment to ongoing cooperation. An MoU may cover areas such as member support and training, joint research, or joint events.

Twinning arrangement: Typically formed to deliver a donor-funded project with multiple outputs that result in one PAO helping to build the capacity of another. The outputs may cover a range of technical and operational areas. While specific milestones are established for the arrangement, the PAOs may sometimes be expected to commit to a longer-term relationship that extends beyond the life of the project to ensure that deliverables are sustained.

Mentoring agreement: Similar to a twinning arrangement, one PAO (the mentor) helps to build the capacity of another (the mentee). A mentoring agreement is not necessarily driven by donor funding. It may support a range of technical and operational areas, is often open ended, and may be formal or informal. It may be delivered *pro bono*.

CONTENT OF PARTNERSHIPS

If they are to flourish, there are a number of areas all PAOs need to "get right." These include a PAO's sustainability—its legal, strategic, and operational foundations; its relevance—how it connects with and creates value for its stakeholders and the public; and its approach to international standards and enforcement mechanisms—how it adopts and implements international standards, education, membership oversight, and quality assurance. (The IFAC PAO Capacity Building Framework highlights these key areas; additional information on the Framework is available in Appendix 4.)

The extent to which a partnership deals with some of these areas will vary depending on the country context and the maturity and capacity of the beneficiary PAO.

Key Steps in Establishing and Maintaining a Partnership

IDENTIFY PRE-CONDITIONS

Find a partner that understands your environment—not only the political imperatives and financial framework but also the culture.

PAO partnerships can be formed in many different ways. A relationship might begin at the regional level when, for example, both PAOs belong to a regional organization or economic grouping. The opportunity for a formal agreement may also be prompted by some sort of donor funding for a project.

Whatever sets the idea for a partnership in motion, a number of pre-conditions need to be met to find the right partner organization before committing to any joint activity.

In addition to being crucial considerations before entering a partnership, these factors continue to be important throughout the partnership. They need to be monitored and may be re-visited as joint activities are identified and undertaken.

Funding:	Is funding available to recover costs? What investments are the partners prepared and equipped to make?
Language:	Are there language barriers? If so, are the barriers manageable? How will they be managed throughout the life of the partnership?
Culture:	Are the partners based in the same region? Do their values and principles match or align? Is the supporting PAO familiar with the cultural context of the beneficiary? Are there historical or political ties between two countries that may facilitate collaboration?
Motivation:	Do the partners understand each other's priorities? What imperatives drive each partner? What needs is the partnership fulfilling, especially for the beneficiary PAO?
Political will:	Are both parties clearly and equally committed to the partnership? Do they have the backing of their governing bodies? Do other key stakeholders, including government, regulators, and employers, see the benefit of the collaboration?
Capacity:	Is the beneficiary PAO in a position to leverage the benefits of the partnership? Does it have the capacity (human resources and infrastructure) to realize the mutual goals?

SET EXPECTATIONS

Meet face-to-face early on to confirm compatibility and clarify objectives. Be open and forthright in setting out your expectations.

Setting clear expectations by describing the current situation and articulating the desired vision for the partnership prevents misunderstanding and avoids difficulties along the road. Make sure that each party's responsibilities under the partnership are understood by, and acceptable to, all those involved. If there is no formal contract (which is required in the case of donor-funded projects), it is wise to execute an official agreement that addresses the scope of the partnership and outlines everyone's responsibilities (see Appendices 2 and 3 for specific examples of what an agreement should include).

AGREE ON A WORK PLAN

A mutually agreed work plan—one that establishes tangible deliverables, the expected timeframe, and necessary resources—should be developed to underpin the agreement. Both parties need to commit to specific milestones and be accountable for meeting them.

If the partnership is to achieve a desired change, remember to plan for the cultural aspects of the change through training and communications to secure buy-in and achieve sustainable results.

The environment in which a PAO operates is fluid and, as a result, your work plan can be affected by "scope drift," with new activities or deliverables arising as the work moves forward. Manage this actively—agree on a set of assumptions and review them regularly to avoid frustration.

A work plan should include the elements below.

Inputs: What is being invested?	What resources are dedicated to, or will be consumed by, the partnership? Possibilities include funding, staff/committee members' involvement and time, equipment, and supplies.
Activities and outputs: What will be done?	What goods and services will be produced? The plan should be specific about resulting tangible products, usually measured in terms of volume of work accomplished, such as manuals produced, workshops led, roadmaps developed, etc.
Outcomes: What will happen as a result of the activities?	Also referred to as results, these are the benefits or changes for a PAO or the accountancy profession during or after completion of the partnership activities and delivery of outputs. Outcomes may relate to behavior, attitudes, or revenues.
Impacts:	What are the longer-term or broader changes within the jurisdiction or profession that are expected to be the result of the partnership?

EXPANDING COLLABORATION: OTHER STAKEHOLDERS

An effective PAO plays an important role within a country's financial framework and, although its responsibilities and authority will vary, each serves specific constituencies and national stakeholders. These groups will (and often should) impact the deliverables of a partnership, and their influence and expectations should be addressed in advance (see *Finding Your Voice,* especially Appendices 3 and 4, for a more comprehensive overview of stakeholders and a sample engagement plan).Your key constituencies at the national level may include:

- Government, which may have regulatory powers or responsibility for allocating donor funding. Positioning your PAO as the government's trusted advisor on accountancy-related issues will help it carry out these allocations more efficiently, making the relationship function more smoothly.

- Individual members and firms, who need to understand the value of associating with or joining your PAO and the partnerships you enter into. Your accountancy qualification also needs to be valued by employers in your jurisdiction and beyond, which will help grow support for partnerships that develop or expand your qualification.

- Other national stakeholders, such as academic institutions and other professional bodies, which may hold specific roles in the national profession and whose input can help shape a PAO's priorities.

Regional and international stakeholders can add significant value to a partnership and, in some cases, may provide technical and financial resources.

- Regional bodies and economic groupings, including IFAC Recognized Regional Organizations (ROs) and Acknowledged Accountancy Groupings (AGs), often share a commitment to economic development and/or the development of the accountancy profession. In particular, ROs and AGs are likely to have the tools, guidance, and knowledge specific to PAO capacity building that can help you and your PAO.

- Donor agencies contribute to the development of the accountancy profession not only by providing funding for specific programs and projects. They also contribute through needs-assessments programs (such as the World Bank's Reports on the Observance of Standards and Codes, ROSCs), country action plans, and high-level policy advice. As you consider how to engage with donors and the international development community, follow MOSAIC, an initiative that establishes the foundation for better collaboration between the accountancy profession and donors.[2]

- IFAC supports strong national PAOs and the profession. We do this:
    - by developing capacity-building tools and guidance;
    - through the MOSAIC website—www.MOSAICdevelopment.org—which brings together a wealth of resources and news relevant to development of the accountancy profession; and
    - via the PAO Capacity Building Program, under which IFAC has an agreement with the UK Department for International Development (DFID) to strengthen the profession in a number of DFID focus countries around the world. For more information, see the IFAC press release.

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[2] Twelve donor agencies have signed MOSAIC: the African Development Bank, Asian Development Bank, Australian Agency for International Development, Finland Ministry of Foreign Affairs – Development Cooperation, GAVI Alliance, The Global Fund to Fight AIDS, Tuberculosis, and Malaria, Inter-American Development Bank, New Zealand Aid Programme, Swedish International Development Cooperation Agency, World Bank, UK Department for International Development, and US Agency for International Development.

Achieving Success: Case Studies

THE MONGOLIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (MONICPA)

Established: 1996
IFAC Associate: 2003
IFAC Member: 2012
Confederation of Asian and Pacific Accountants (CAPA) membership: 2001

Success Factors:

- Cooperation with state and governmental entities: MoUs signed with multiple bodies.

- Strong staff competence and governance structure based on good practice (see the case study on MonICPA in *Establishing Guidance: A Guide for PAOs* for more detail).

- Due focus on, and understanding of, good practice and historical and cultural factors in advocating for the need for, and importance of, a formal accountancy profession and the role of auditors.

- A focus on IFAC guidance and the SMOs: Support from established PAOs.

PAO Partnerships:

- 30 Mongolian auditors were trained by the Japanese Institute of Certified Public Accountants with funding from the Japanese International Cooperation Agency.

- CPA Australia International Partnership Program, participation funded by the Australian Department of Foreign Affairs and Trade; the program consisted of teaching, and then conducting the exam for, four units of the CPA exam.

- Partnership with Institute of Chartered Accountants of India (ICAI) provided three-month English proficiency and IFRS training for 12 trainee accountants. ICAI also assisted MonICPA in reaching full compliance with the IFAC SMOs and guided it through the admission process for IFAC membership.

- Signed MoUs with ICAI, CPA Australia, Philippines Institute of CPAs, Association of Chartered Certified Accountants (ACCA), and Korean Institute of CPAs. The ACCA MoU has resulted in MonICPA's new CPA preparation program curriculum and study texts being developed in line with the globally recognized ACCA program.

- Joint project with ACCA, "Improving Continuing Professional Development Systems of National Professional Accounting Organizations," funded by the World Bank.

ORDRE DES EXPERTS COMPTABLES ET COMPTABLES AGRÉES DU BENIN (OECCA-BENIN)

Established: 2006
IFAC Associate: 2011

Success Factors:

- Admission as an IFAC Associate.

- Raised regional awareness of the benefits of mentoring and partnerships.

- Enhanced awareness of the IFAC SMOs and serving the public interest.

- OECCA-Benin has made contributions to PAO development regionally by participating in South-South learning, including:

  - sharing training materials and policy advice with L'Organisation pour l'Harmonisation

    en Afrique du Droit des Affaires (OHADA) institutes;

  - providing insights to PAOs in the region on the process and requirements for IFAC membership, including ONECCA Togo, which has since been admitted as an IFAC member.

- Stronger position to lead activities that facilitate access to the profession in the region, including:

  - development and distribution of support materials for aspiring accountancy students;

  - approval for a stage of the chartered accountant assessment usually held in France to be held in-country, thus allowing students to save money and avoid travel inconvenience.

PAO Partnerships:

- Technical assistance provided by the Direction du Développement et des Partenariats Internationaux (DDPI) and Compagnie Nationale des Commissaires aux Comptes (CNCC) in France for implementation of World Bank ROSC recommendations.

- Sponsorship of OECCA-Benin's application for admission as an IFAC Associate by both DDPI and CNCC.

- Strong regional integration, including:
  - membership in the Pan African Federation of Accountants (PAFA);
  - relationships with PAOs in West Africa through the West African Economic and Monetary Union (WAEMU), OHADA, Association of Accountancy Bodies in West Africa (ABWA), and the Fédération Internationale des Experts-Comptables Francophones (FIDEF).

THE SOCIETY OF CERTIFIED ACCOUNTANTS AND AUDITORS OF KOSOVO (SCAAK)

Established: 2001
IFAC Associate: 2003
IFAC Member: 2009
Fédération des Experts-Comptables Mediterranéens Member: 2005

Success Factors:

- IFAC Membership in 2009

- Creation of the first global certification program for public sector auditors in partnership with the Supreme Audit Institute Kosovo in 2013.

- An agreement with the government of Kosovo to deliver the public financial management certification since 2007, which has resulted in the government turning to SCAAK as an expert and advisor for both accountancy-related matters and other operational matters, including implementing effective public sector financial management, mentoring, and regional outreach.

- Initiated the creation of the Accounting and Auditing Department within the Economic Department of Pristina Public University.

- Intensified contact and engagement with IFAC and the international and EU standard-setting bodies.

- Enhanced credibility within Kosovo due to formal links between SCAAK and Nederlandse Beroepsorganisatie van Accountants (NBA), which is a well-respected PAO.

- SCAAK is able to position itself as an example of success and a mentor for PAOs in the region and beyond.

- Donor support, which was vital for SCAAK.

- A governance structure based on good practice that is an effective model of good governance for countries in transition.

- Relentless focus on the public interest when promoting the profession.

- Emphasis on SCAAK's membership with the Chamber of Commerce in Kosovo when promoting the importance of the profession

- The understanding that mentoring is a two-way relationship: both parties need to be committed and work hard for success.

PAO Partnerships:

- Twinning agreement with the NBA established in 2007.

- Joint Public Financial Management certification created with the Chartered Institute of Public Finance and Accountancy in 2015.

- Accreditation of professional qualification by ACCA in 2014.

- Cooperation with the Institute of Authorized Chartered Auditors of Albania on the translation of materials published by IFAC and the international standard-setting boards.

- Cooperation with the NBA and the government of Netherlands' PUM Program to create a quality assurance system.

- Partnerships with PAOs in the region established following engagement with the World Bank Centre for Financial Reporting Reform in Vienna, Austria.

Appendix 1: Mentoring Insights Workshop

In February 2012, IFAC held a Mentoring Insights Workshop in Dubai, attended by more than 40 participants representing PAOs, regional organizations, and accountancy groupings. In total, 19 nations were represented by the group, including Australia, Canada, China, Kazakhstan, Nigeria, and the UK.

The workshop facilitated and encouraged information exchange on PAO-to-PAO mentoring through roundtable discussions on the drivers for mentoring, the most common areas for mentoring, and the key success factors and challenges.[3]

Based on the discussions, the four most popular areas of focus for PAO capacity-building partnerships are:

- strategic planning and implementation;
- education and training;
- governance and management; and
- technical capacity and planning.

STRATEGIC PLANNING AND IMPLEMENTATION

Before establishing any capacity-building program between two PAOs, it is essential to consider your strategic plan using the following steps:

- Perform an environmental scan to fully understand the unique nature of the accountancy profession in your nation.
- Form a realistic and flexible strategy as the basis to approach all other capacity-building activities.
- Ensure that all parties and participants have the same understanding and expectation of the program and plan. Your participants should include national stakeholders, each PAO, and any external bodies involved with the accountancy profession. Your strategic plan can be used as an effective communication tool to enhance government and other stakeholder understanding and buy-in.
- Make sure that all parties understand what is appropriate, affordable, and sustainable.
- Identify compliance gaps, set priorities, and consider necessary and available resources, both human and financial.

- Set short-, medium-, and longer-term goals, and a system for monitoring and evaluating them.
- Identify specific actions, activities, risks, and mitigating factors.

EDUCATION AND TRAINING

Improvement of education, training, and certification systems is one of the most in-demand components of capacity-building relationships. To do so, you need to:

- Consider the educational needs of both trainees (pre-qualification) and professionals (continuing professional development).
- Consider all the elements of accountancy education: syllabus, training materials, and examination design, development, and operations.
- Ensure high-quality syllabus content that connects the curricula in the national or regional education framework to the International Education Standards, issued by the International Accounting Education Standards Board, and consider all the content "strands": management accounting, tax, law, public sector, etc.
- Where necessary, consider translating international standards (for more information, see Translations & Permissions on the IFAC website).
- Determine what is available to work with— do tertiary education foundations exist to adequately prepare potential accountancy students?
- Highlight the link between PAOs and colleges/ universities, which should act as a bridge between education and the profession.
- Establish an education system that facilitates continuous improvement—train the trainer programs, feedback from employers/firms, possible secondments to the mentor country, and/or internships for university students.
- Consider what is most realistic over the short term: should a national professional qualification be developed or can the mentor provide examinations for building a base of

professionals? If appropriate, could a regional education system be established?

- Be aware of possible conflicts for the mentor organization (e.g., helping to develop the national profession vs. creating its own members).

- Consider different learning methods and their viability, such as online learning or exam training provided by the PAO.

- Benchmark the new qualification locally/regionally/internationally and consider paths to wider recognition early on. Mentors should offer exemptions from their own qualifications.

- Ensure that qualification processes and operations are sound, free from corruption, and respected.

- Qualifications should have a basis in law and the PAO should have the legal right to determine its membership requirements and professional development needs.

GOVERNANCE AND MANAGEMENT

- A sound institutional governance and operations structure is crucially important to the success of any PAO.

- Consider the most suitable board/council model for the profession in your country. A mentor can add value by presenting options for management models.

- Ensure that the process for election/selection of officers is transparent.

- Establish a secretariat that has independent, full-time management and staff that is suitably qualified with the right language skills. Maintain awareness of legal and cultural considerations for the PAO's leadership.

- Ensure the PAO has the appropriate cornerstones: sufficient budget, efficient management, and accountability.

- Consider the PAO's business model early—how will funding be generated and sustained?

- Review best practice in other jurisdictions that may be similar to your country and consider regional solutions for smaller economies.

- Refer to external guidance, such as IFAC's *Establishing Governance* and the IFAC PAO Capacity Building Series.

- Establish an approach to developing and/or maintaining a relationship with the government and/or regulators.

- Consider public oversight at the national or regional level.

TECHNICAL CAPACITY AND PLANNING

- Form volunteer committees of expert members to advance technical work. Committee membership should be balanced between those working with, or with experience at, small, medium, and large practices, firms, and businesses as well as the public sector.

- Phase in technical capacity slowly—prioritize education/examinations and professional standards.

- Use external guidance and materials, such as the IFAC SMOs and *Establishing and Developing a Professional Accountancy Body*, to support both capacity building and areas where PAO technical expertise is not yet fully developed.

- Look to your region for good practice models and develop relationships with PAOs, regional bodies, accountancy groupings, and other professional bodies.

- Raise awareness of the IFAC SMOs internally and externally and show how they can serve as global benchmarks to help guide your profession's development. Identify applicability of the SMOs to your national environment. Ensure appropriate connections between your

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[3] Please note this information is not intended to be a comprehensive list of steps nor a prescription for success. They are, instead, insights gleaned from those involved in PAO capacity building and considerations for those considering similar work and partnerships.

SMO Action Plan and your strategic plan and continually evaluate your PAO's progress toward full compliance.

- Seek assistance with translations where needed.

- Where and when needed, seek technical expertise from mentors (information partnerships can be on an as-needed basis).

- Arrange for training and development of staff and volunteers—consider online and technological solutions to share knowledge.

- Work with your mentor to develop a relationship with standard-setting boards and IFAC—your mentor can advocate on your behalf as well as include you in meetings and/or events.

Appendix 2: Example Partnership Agreement

Partnership Agreement

between

INSTITUTE OF CHARTERED ACCOUNTANTS EREHWON

and

ASSOCIATION OF ACCOUNTANTS AND AUDITORS OF BASCO

Background

1. The Institute of Chartered Accountants of Erehwon (ICAE), as the national accountancy organization recognized under Erehwon's Accounting Law (revised 1985), and IFAC member since 1977, represents over 10,000 chartered accountants operating in public practice, business, government and academia. In accordance with ICAE's mission of providing assistance in the development and enhancement of the accountancy profession, ICAE is committed to providing support to other professional accountancy organizations (PAOs).

2. The Association of Accountants and Auditors of Basco (AAAB) was established in 1996 and reconstituted in 2005 under the Accounting Law of 2005 as the national accountancy organization responsible for education, ethics and certification of professional accountants. As an organization committed to the adoption and implementation of international standards, AAAB seeks assistance in building its capacity to enable it to address the IFAC Statements of Membership Obligations (SMOs).

Objectives

3. AAAB has a long-term objective of obtaining IFAC membership. AAAB has identified the following priorities in working towards this goal:

    *   Increasing technical and operational capacity;

    *   Expanding education and certification requirements to address the International Education Standards (IES); and

    *   Expanding investigation and disciplinary processes in accordance with SMO 6 on Investigation and Discipline.

4. This Partnership Agreement sets out the agreement between the ICAE and AAAB to work in partnership in developing and implementing the above activities.

Responsibilities

5. All parties:

    ICAE and AAAB will approve all public announcements related to the work being carried out through this Partnership Agreement.

6. ICAE will:

    a. Nominate an ICAE Project Team Leader to be AAAB's main contact.

    b. Assist AAAB in benchmarking its current programs and activities against the IFAC membership requirements and SMOs.

    c. Assist AAAB in benchmarking its current accountancy education program with ICAE's Chartered Accountancy Program and the requirements of the IES.

    d. Assist AAAB in the development of a membership database.

    e. Assist AAAB in the development of an ethics resolution process.

    f. Initiate the development of action plans and related work programs with regard to the above items.

    g. Assist AAAB in preparing a longer term action plan for the future development of a continuing professional development (CPD) program and due process for convergence with International Standards on Auditing.

7. AAAB will:

    a. Assign the AAAB Executive Director to be ICAE's main contact person throughout the term of this Partnership Agreement.

    b. Include the above projects in its strategic plan and associated work program.

    c. Allocate appropriate staff and technical volunteers to work with ICAE in carrying out project tasks.

    d. Provide translations of relevant documents from local language to English and relevant International Standards and other pronouncements from English to the local language.

    e. Establish an Investigation and Disciplinary Process Review Task Force.

    f. Appoint the Chairman of the AAAB Education Committee to be the primary contact between AAAB, ICAE and university and other education providers participating in the project.

Timeframe and Key Deliverables

8. The timeframe and key deliverables will be outlined in a mutually agreed work plan to be included as an appendix to this Partnership Agreement.

Progress Reporting and Evaluations

9. AAAB and ICAE will prepare progress reports for submission to AAAB Council and the Ministry of Finance of Basco every three months from the agreement of the work plan.

10. Progress reports will identify deliverables completed, and to be completed, against the agreed work plan.

11. At the completion of the project, AAAB will prepare a summary of outcomes against the terms of this Partnership Agreement and associated work plan. The completion report will include an evaluation of support received from ICAE.

Conflict Resolution

12. The progress reports will state whether the parties have met their stated responsibilities. The progress report shall be signed by all parties to confirm their agreement.

13. In the event of conflicts, AAAB and ICAE will seek to resolve the conflict with the assistance of a mutually appointed arbitrator.

14. Where AAAB and ICAE are not able to resolve a conflict within three months of meeting with an arbitrator, either AAAB or ICAE may request termination of this Partnership Agreement.

Costs

15. AAAB has received a grant from the Ministry of Finance of Basco for use in developing programs and activities to support its objectives as well as specific activities directly related to its responsibilities as specified in the Accounting Law of 2005.

16. AAAB will be responsible for all costs relating to:

   a. Travel and accommodation incurred for AAAB staff and volunteers;

   b. Translation costs; and

   c. Any other costs incurred to purchase assets for the development of programs and activities relating to these projects.

17. ICAE will be responsible for all costs relating to:

   a. Time incurred by ICAE staff and consultants participating in the projects and related mentoring activities; and

   b. Travel and accommodation incurred for ICAE staff and consultants.

18. All parties will maintain a record of their travel, travel related and level of effort costs of this Partnership Agreement.

Effective Date

This Partnership Agreement will take effect when signed by both parties and will terminate no later than September 30, 2018 or earlier at the discretion of the parties to this Partnership Agreement. It is expected that ICAE and AAAB will continue their cooperation beyond the term of this Partnership Agreement.

Appendix 3: Example Memorandum of Understanding

Memorandum of Understanding

between

INSTITUTE OF CHARTERED ACCOUNTANTS OF EREHWON

and

ASSOCIATION OF ACCOUNTANTS AND AUDITORS OF BASCO

Parties

1. Institute of Chartered Accountants of Erehwon of [Address]

2. Association of Accountants and Auditors of Basco of [Address]

   (together, the 'Parties')

Background

3. The Institute of Chartered Accountants of Erehwon (ICAE), as the national accountancy organization recognized under Erehwon's Accounting Law (revised 1985), and IFAC member since 1977, represents over 10,000 chartered accountants operating in public practice, business, government and academia.

4. The Association of Accountants and Auditors of Basco (AAAB) was established in 1996 and reconstituted in 2005 under the Accounting Law of 2005 as the national accountancy organization responsible for education, ethics and certification of professional accountants.

5. The Parties are both independent professional bodies sharing a common interest in furthering the quality of the accountancy profession. This Memorandum of Understanding (MoU), made on [Date] between the Institute of Chartered Accountants Erehwon and the Association of Accountants and Auditors of Basco provides for the establishment of a mutual co-operation between these two organizations.

6. In achieving the objectives of this MoU, the Parties shall work together in areas of mutual interest within the parameters of their laws, constitutions, regulations and/or policies.

Objectives

7. To promote the sustainable development of the accountancy profession and provide quality services and support to members, both practising and non-practising.

8. Collaboration will focus on the following general areas:

   a. advocacy for financial management reform;

   b. identification of areas for capacity building;

   c. joint training and events; and

   d. development of proposals to donors for capacity building support.

9. The Parties will also explore other potential areas where co-operation would be of mutual benefit. Specific priorities for joint activity will be determined during discussion between the Parties and in consultation with any relevant national stakeholders and donors.

Principles

10. The Parties agree that in they will act in good faith, consult in advance of significant actions that relate to the objectives and principles above or that may affect the interests of the other party, and make decisions in areas of cooperation by agreement, approaching issues in a collaborative and open manner.

11. The Parties agree to consult over any public statements or information concerning the materials or policies generated under this MoU.

Intellectual Property

12. Use of logos, trademarks, intellectual property, copyright materials, etc will be in accordance with each Party's guidelines. Neither Party shall use, nor permit any person or entity to use the name, logo (or any variation thereof), intellectual property, copyright materials, etc. of the other Party without first obtaining the other Party's written consent.

Confidentiality

13. The parties agree to keep confidential any information which is disclosed or obtained and which is not publicly available or already known and not to disclose such information to third parties, otherwise than in accordance with the consent of the other party or as required by law or any relevant regulatory authority duty.

Disputes

14. Where there is a disagreement over any matter related to issues in this MoU, the Parties will seek to resolve the issue by negotiation at an operational level. If these negotiations fail, the matters will be referred to the Chief Executive Officers of each Party for discussion and resolution.

15. In the event the disagreement cannot be resolved informally, the Parties agree to submit any dispute, controversy or claim arising out of or relating to this MoU (or the breach, termination or invalidity thereof), to arbitration in [Country] in accordance with [UNCITRAL Arbitration Rules] in force at the date of this MoU. There shall be only one arbitrator. Costs of arbitration shall be shared equally between the parties.

Termination

16. This MoU will continue in full force and effect unless and until terminated in the following manner:

   a. by agreement of both the Parties

   b. by either Party on not less than six months written notice to the other Party

   c. upon default or breach of a material term of this MoU by either Party and such material default or breach remaining un-remedied for at least 15 days after notice is given remedy such breach or default, or

   d. upon expiry of the MoU.

17. This MoU shall expire on [Date] provided that the Parties may agree to extend the term with such variations as the Parties may agree.

18. Upon termination of the MoU, the Parties must meet to discuss and agree the process by which any joint initiatives referred to in this MoU will be terminated.

General

19. This MoU becomes effective when signed by both Parties.

20. Any variation to the MoU must be agreed by the Parties in writing.

21. Neither Party shall make any public announcement of this MoU or its contents without the consent of the other Party.

22. Each Party must do everything necessary, or reasonably required by the other, to give effect to this MoU.

23.Each Party will bear its own costs in relation to the preparation of this MOU.

24.This MOU supersedes any previous agreement between the parties relating to its subject matter.

25.This MoU is governed by and will be construed in accordance with the laws of [Country].

Signed for and on behalf of the Institute of Chartered Accountants Erehwon

Name

Position

Date

Signed for and on behalf of Association of Accountants and Auditors of Basco

Name

Position

Date

Appendix 4: The Elements of the IFAC PAO Capacity Building Framework

While PAO capacity building efforts need to be tailored to each country context and the unique needs of each national environment, a consistent approach remains key. IFAC has identified nine components that cover the spectrum of a PAO's responsibilities and, when properly addressed, contribute to a successful PAO that serves both the public and private sectors.

The nine components are interdependent but fall into three categories: sustainability, relevance, and standards and enforcement. None of the components should be considered in isolation as they are all mutually reinforcing. For example, if you are building capacity in your education, training, and professional qualification, you are also building intellectual and professional capacity and creating value for stakeholders, thereby covering territory in each of the three primary pillars.

Sustainability	**Legal and regulatory framework**	PAO's recognition status Regulation and oversight of the accountancy profession
	Institutional and managerial capacity	Staffing and governance arrangements Strategy and business model Membership management Facilities and ICT Communications, marketing, and brand
	Intellectual and professional capacity	Technical staff capacity and volunteer input arrangements Research and thought leadership External collaboration Translation arrangements (where applicable)
Relevance	**Value to members and students**	Actual and perceived benefits and services provided to members and students
	Value to stakeholders	Actual and perceived benefits provided to key stakeholders (employers, government, regulators)
	Value to society	Recognition of the PAO as the voice of the profession Role of PAO's members in contributing to wider society
Standards and Enforcement	**Education, training, and professional qualification**	Pathway to membership in the PAO, including all elements covered by the International Education Standards Tuition and practical training for students Continuing professional development requirements Examination process Collaboration with educational institutions that provide accountancy-related academic education
	Adoption and implementation of international standards in accounting, auditing, and ethics	Status of adoption of international standards PAO activities to support implementation (guidance, tools, and training)
	Monitoring and enforcement	System of investigation and discipline for complaints against members of the PAO Audit quality assurance system