



International Federation of Accountants

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IFAC BOARD STRENGTHENS STANDARD-SETTING AND SUPPORT FOR DEVELOPING NATIONS

(New York/March 21, 2005) – During its two-day meeting in South Africa last week, the Board of the International Federation of Accountants (IFAC) agreed to launch new initiatives to meet the needs of developing nations, took actions to strengthen its international standard-setting processes, and reconfirmed its focus on supporting professional accountants in carrying out their corporate governance responsibilities. These actions are all central to IFAC’s objectives of building an investment climate of trust and promoting economic growth and stability worldwide.

The Board meeting considered the conclusions of an IFAC consultative conference held in Prague, on March 10-11, at which more than 125 representatives of IFAC member bodies, other professional and accounting associations and development and funding agencies focused on establishing an international response to meeting the needs of developing nations and small and medium accounting practices (SMPs) and enterprises (SMEs). The Board agreed to augment activities in these areas and supported

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the recommendations that emerged from the conference, including the following:

- Developing a country-specific approach to supporting developing nations, helping both those countries where there is no established profession and those that have only begun to build the professional, financial and regulatory architecture necessary to support economic growth.
- Continuing to reinforce the need for International Financial Reporting Standards that can be effectively implemented for developing nations, particularly by SMEs.
- Establishing a process whereby accountancy institutes in more developed countries can serve as “mentors” to those in less developed countries.
- Creating a blueprint that clearly delineates the steps involved in establishing a viable and high quality accountancy profession.

IFAC President Graham Ward emphasizes: “IFAC’s goal is to have a trusted investment climate in every country. This can only be accomplished by making a long-term commitment to developing nations and creating a strong accountancy profession in them, by working in partnership with our member institutes and other relevant organizations, such as international development and funding agencies. We are committed to strengthening these relationships and through them, taking the necessary actions.”

As evidence of this commitment, South African Finance Minister Trevor Manuel and NEPAD (the New Partnership for Africa’s Development) Chairman Reuel Khoza participated in the IFAC Board meeting to discuss how IFAC can best contribute to the economic development of African countries and of developing nations in general.

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Mr. Manuel called on IFAC's Developing Nations Permanent Task Force to build accountancy capacity in African countries and to assist individuals in these countries in developing the skills necessary to provide high quality accountancy services, which he views as vital to economic growth. He also called on IFAC to encourage diversity in the profession by actively supporting SMEs and SMPs. Mr. Khoza emphasized the importance of sound corporate governance policies, good accounting and auditing, and the need for professional accountants in business to be the conscience of businesses worldwide. In order to eliminate corruption and eradicate poverty, he urged IFAC to do more in these areas and also to continue to promote the use of strong international standards.

The IFAC Board approved actions to address these issues. In particular, the Board agreed to support professional accountants in business in meeting corporate governance responsibilities through the development of implementation guidance.

To continue to build investor confidence in its standards, the Board approved a comprehensive and transparent due process that will apply to IFAC standard-setting activities. This will be submitted for approval to the new Public Interest Oversight Board.*

“These activities are all vital to creating an investment climate of trust, to building confidence in the financial reporting process and to creating market stability,” states Mr. Ward.

Highlights of the March Board meeting will be posted on IFAC's website this week.

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IFAC is the worldwide organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. Its current membership consists of 163 professional accountancy bodies in 119 countries, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce. The organization sets international standards of ethics, auditing and assurance, education and public sector accounting and issues guidance to encourage high quality performance by professional accountants in business.

*** Note to Editors**

The Public Interest Oversight Board was established in February 2005 to oversee the work of IFAC's auditing, ethics and education standard-setting committees and its Member Body Compliance Program. The establishment of the PIOB is part of a series of IFAC reforms that were unanimously approved by IFAC's Council and supported by international regulators to ensure that IFAC's standard-setting activities reflect the public interest and to rebuild public confidence in those processes.