



CHARTING THE FUTURE OF THE GLOBAL PROFESSION

Leadership, Reach, Impact



2016-2018 STRATEGIC PLAN

INTRODUCTION

Charting the Future of the Global Profession sets out the strategy for the International Federation of Accountants® (IFAC®) for 2016-2018. The future for business and society in general promises to be characterized by fast-paced and disruptive change. The strategy aims to prepare the global accountancy profession for the inevitable turbulence and corresponding opportunities. IFAC's strategic objectives for the period are broad and ambitious, and they continue to capitalize on IFAC's unique strengths in pursuit of specific economic and societal benefits. The plan builds on the previous strategic plan—while responding to macro trends with significant implications for the profession, and encompassing shifts in emphasis and priority as well as incorporating continuing and new activities.

IFAC IS THE GLOBAL ORGANIZATION OF THE ACCOUNTANCY PROFESSION. IT COMPRISES OVER 100 MEMBER ORGANIZATIONS IN 130 COUNTRIES AND AREAS. THERE ARE APPROXIMATELY 2.84 MILLION ACCOUNTANTS IN PUBLIC PRACTICE, EDUCATION, FINANCIAL INDUSTRY, AND COMMERCE. A KEY PART OF IFAC'S MISSION IS THE DEVELOPMENT OF INTERNATIONAL STANDARDS, INDEPENDENT AND EXPERT STANDARDS.



IFAC'S VISION IS FOR THE GLOBAL ACCOUNTANCY PROFESSION TO BE RECOGNIZED AS ESSENTIAL TO STRONG AND SUSTAINABLE ORGANIZATIONS, FINANCIAL MARKETS, AND ECONOMIES

IFAC'S UNIQUE POSITION

ATION FOR THE ACCOUNTANCY
VER 175 MEMBERS AND ASSO-
JURISDICTIONS, REPRESENTING
PROFESSIONAL ACCOUNTANTS
TION, GOVERNMENT SERVICE,
KEY ROLE OF IFAC IS SUPPORTING
ATIONAL STANDARDS BY INDE-
D-SETTING BOARDS.

IFAC is uniquely positioned to spearhead initiatives that demand:

- a global reach
- freedom from commercial and political interests
- the ability to create dialogue and debate

The value provided to stakeholders is supported by robust relationships with other international organizations, a demonstrated ability to align the needs of the profession and the public, and a track record of fostering awareness, advocacy, and engagement.

SPECIFICALLY, IFAC'S UNIQUE STRENGTHS ARE ARTICULATED AS:

Natural Facilitator:

Actively contribute to improving financial and non-financial private and public sector reporting by supporting the development and promoting the adoption and implementation of high-quality international standards.

Trusted Intermediary:

Leverage IFAC's global experience and relationships with key stakeholders and development partners to strengthen the profession through professional accountancy organizations.

Credible Knowledge

Convener: Provide a global forum to share, synthesize, and create knowledge to support professional accountants in providing high-quality services to their clients and employers.

Influential Voice:

Represent and advocate, in the public interest, on behalf of the accountancy profession and increase awareness of the profession as essential to strong and sustainable organizations, financial markets, and economies.

THE ECONOMIC AND SOCIETAL BENEFITS OF IFAC'S ACTIVITIES

In pursuing its mission, IFAC seeks to influence a number of key outcomes and economic and societal benefits, as depicted below.

MISSION

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.

KEY OUTCOMES

Confidence in international standards

Reliable, comparable financial and non-financial information and reporting

Strong accountancy profession

Enhanced recognition of professional accountants, and their relevance and value

Policy and regulatory expertise to influence policy making and support professional accountancy organizations (PAOs)

A global exchange of knowledge and ideas

Enhanced awareness and dialogue regarding important issues among key constituencies

ECONOMIC AND SOCIETAL BENEFITS

Confidence in the global financial system and the integrity and efficiency of the markets

Enhanced stewardship of social, economic, and environmental resources

Strong economies and financial stability

Lower cost of capital

Reduced corruption

Reduced poverty

Responsible and effective governments

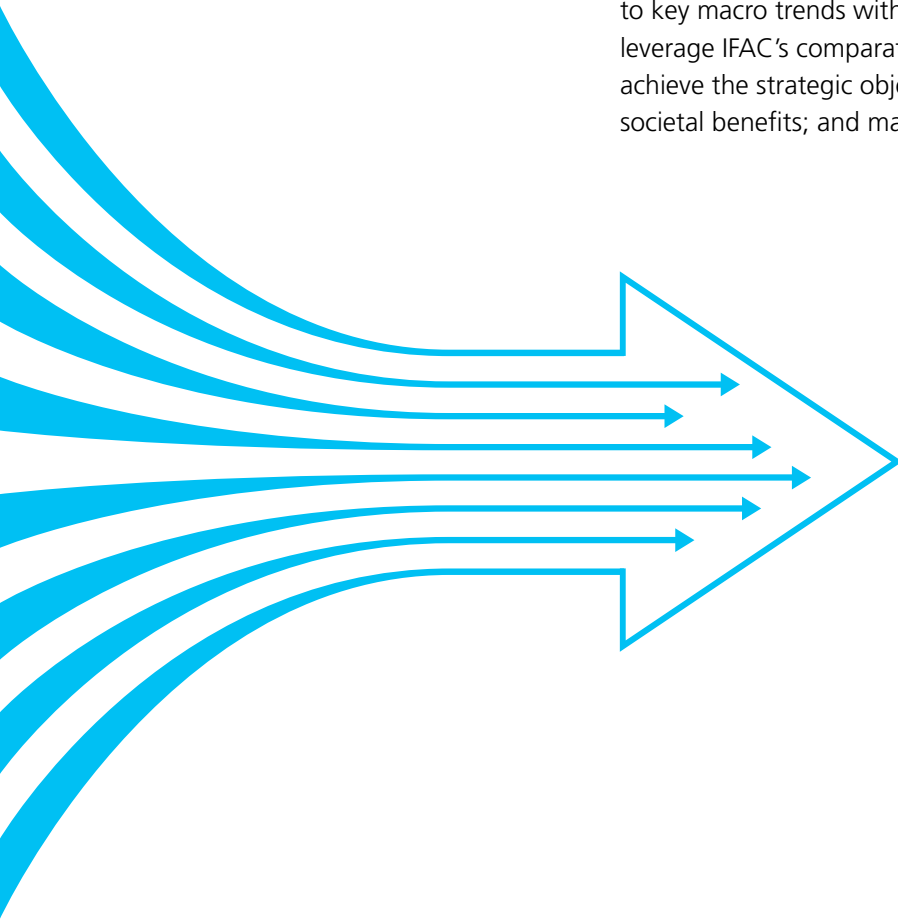
Enhanced public confidence in the accountancy profession

Improved transparency and accountability of governments, markets, and companies

THE ENVIRONMENT IN WHICH IFAC OPERATES AND IFAC'S RESPONSE

The IFAC Board, in consultation with stakeholders, has identified macro trends impacting the profession, potential implications of these trends, and IFAC's planned activities in response.

The activities have been identified as the ones most likely to: respond to key macro trends with significant implications for the profession; leverage IFAC's comparative advantages; effectively and efficiently achieve the strategic objectives, in pursuit of the economic and societal benefits; and maximize the impact of funding.



MARKETS AND TECHNOLOGY

TRENDS

*Overall developments
impacting the
profession*

- **Changing marketplace:** Markets are increasingly innovation-driven, complex, always open, hyper-competitive, mobile, and global. The successful entities of tomorrow will be strategically agile, future ready, and embrace innovation.
 - Mobile technologies for customer engagement is the most strategically important technology CEOs around the world are focusing on today ([Click for Source](#)).
- **Information and communications technology (ICT):** Disruptive potential of ICT and increasing pace of change.
 - There will be 25 billion devices connected by the end of 2020, or three for every person on the planet ([Click for Source](#)).
- **Regulation:** As volume and complexity of national requirements increase, there is increasing extraterritoriality and instances of fragmentation, slow and political progress towards global regulatory consistency, implementation lags the rate of actual rule-making, and increasing regulatory scrutiny of the profession's role in standard-setting.
 - 94% of 138 jurisdictions surveyed have made a public commitment to IFRS as the single set of global accounting standards ([Click for Source](#)).

IMPLICATIONS

*Potential opportunities
and threats posed by
macro trends*

- Professional accountants will need to maintain their relevance by equipping themselves to help clients and employers cope with rapid change and innovation.
- ICT and its risks and rewards will be at the heart of every business irrespective of size, requiring new mindsets and approaches to its management.
- While the use of intelligent systems, data mining, and predictive analytics to exploit “big data” will transform both the operational and interpretative aspects of accountancy, cybersecurity will continue to be a key risk.
- While regulatory change creates challenges for business and accounting firms, challenges that are most acute for SMEs and SMPs, the lack of global convergence poses difficulties for firms servicing clients operating in a globalizing world.

RESPONSE

Activities that IFAC plans

- Facilitate knowledge sharing on emerging trends impacting the profession and how to respond—including the profession's attractiveness, preparing for a new generation of accountants and a need for new skills and competencies, talent retention and management, and developments in education and training.
- Strengthen the capacity of the standard-setting boards to serve the public interest through independence, proactivity and responsiveness.
- Promote and facilitate adoption and implementation of international standards, including through advocacy and sharing of implementation resources.
- Speak out on issues arising from the regulatory landscape, including fragmentation, overload, extraterritoriality, and impact on the profession and on business.
- Explore establishing a forum for international standard setters and key stakeholders to discuss governance, due process, adoption, and implementation.

ROLE OF PROFESSIONAL ACCOUNTANTS

TRENDS

Overall developments impacting the profession

- **Transparency and accountability in the public sector:** Growing scrutiny of public finances and call for complete and accurate information for decision-making.
 - Between 2007 and 2012 public debt in rich countries exploded—rising from an average of 53% of GDP to nearly 80% ([Click for Source](#)).
- **Taxation:** Issues are increasingly in the public eye—including rising demand for international harmonization of rules—while jurisdictions compete on tax friendliness and address pressure for national simplification.
 - In 2015 the long-term trend of countries moving toward a low-rate, broad-based corporate tax regime continues to play out ([Click for Source](#)).
- **Ethics:** Shrinking tolerance for and need to address corruption and other unethical practices.
 - 56% of employees say that in deciding where to work, an organization's reputation for ethical conduct is 'very important.' ([Click for Source](#)).
- **Organizational reporting and management:** Move away from recent focus on the short-term and quick returns towards more holistic long-term organizational sustainability.
 - In 2013 72% of companies in the S&P 500 Index published Corporate Responsibility reports ([Click for Source](#)).
- **Natural resources:** Increasing stress on the natural environment and climate change resulting from population and economic growth.
 - The Annual Greenhouse Gas Index, a measure of greenhouse gases in the atmosphere, increased 34% from 1990 to 2013 ([Click for Source](#)).



IMPLICATIONS

Potential opportunities and threats posed by macro trends

- The Chief Financial Officer (CFO) and accountancy function will assume a far greater organizational remit; the capabilities of the professional accountant will be leveraged across all aspects of organizational decision making, from strategy formulation to defining new business models.
- Increased public expectation that the profession play a bigger role in enhancing governance and addressing fraud, corruption, money laundering, and other unethical practices.
- Governments, under pressure to enhance transparency and accountability, will increasingly seek help with reporting.
- Reporting will need to provide a holistic view of organizational performance and prospects—a view that acknowledges the complexity of modern business and encompasses financial and non-financial indicators of its impact and potential—and professional accountants' value will depend in part on their ability to provide this perspective.



RESPONSE

Activities that IFAC plans

- Promote the value of the profession and advocate on behalf of the global profession to key stakeholders.
- Raise awareness of the importance of transparency and accountability in the public sector and the need to adopt and implement high-quality accrual-based accounting standards (i.e., IPSAS™, developed by the International Public Sector Accounting Standards Board® [IPSASB®]).
- Speak out on the value and quality of public sector and corporate governance and the ethical responsibilities of accountants.
- Establish an IPSASB Consultative Advisory Group.
- Support the International Integrated Reporting Council, contribute to the progress and direction of integrated reporting, help PAOs to facilitate adoption and implementation of integrated reporting.
- Foster international harmonization of approaches to governance and internal control and enterprise risk management.

GLOBALIZATION AND DEMOGRAPHICS

TRENDS

Overall developments impacting the profession

- **Globalization:** Intensifying economic interconnectedness reflected in high mobility of labor, capital, goods, and services.
 - Mobile employees in large organizations are predicted to grow 50% from 2009 to 2020 ([Click for Source](#)).
- **Changing demographics:** Aging populations in most jurisdictions and rapid growth in young in some.
 - The global population age 65 and older will triple over the next 40 years to 1.5 billion by 2050, increasing the share of old people from 8% to 16% ([Click for Source](#)).
- **Economic power / growth:** Continuing uncertainty, volatility, and ongoing shifts between West and East and developed and emerging.
 - Developing economies set to account for nearly 60% of world GDP by 2030. ([Click for Source](#)).
- **Labor:** Market characterized by intensifying competition for increasingly mobile talent, widening gap between available skills and employers' needs, clamor for workforce diversity, and chronic youth unemployment.
 - More than 600 million jobs must be created over the coming decade to provide work opportunities for those currently unemployed and those who will begin looking for work ([Click for Source](#)).
- **Education and training:** Changing structure, techniques, distribution channels, and costs.
 - The global e-learning market will reach \$107 billion in 2015, propelled by technological advancements and demand for additional skills ([Click for Source](#)).

IMPLICATIONS

Potential opportunities and threats posed by macro trends

- Increased emphasis on attracting and retaining the right talent—tomorrow's professional accountants will need to possess entrepreneurial spirit, curiosity, creativity, and strategic thinking skills—will demand a fundamental rethink about the type being recruited and to their education, training, and development.
- Pace of global expansion of organizations from developed and emerging markets place greater emphasis on the profession's ability to master technical, language, and cultural challenges of cross-border activities.
- As increased regulation creates challenges for accounting firms at the national level, the lack of global convergence poses difficulties for firms servicing clients operating in a fast globalizing marketplace.
- The desire to formalize the informal sector in emerging economies will increase demand for help with basic financial literacy from micro-entities.

RESPONSE

Activities that IFAC plans

- Facilitate knowledge sharing on emerging trends impacting the profession and how to respond—including the profession's attractiveness, preparing for a new generation of accountants and a need for new skills and competencies, talent retention and management, and developments in education and training.
- Speak out on the importance of consistent and effective adoption and implementation of international standards.
- Implement programs to develop the accountancy profession and support the adoption and implementation of international standards.
- Continue to enhance collaboration through MOSAIC and secure funding to develop the accountancy profession in emerging economies.
- Promote awareness of value of PAIBs and SMPs as business partners and advisors, and their critical role in national and global economies.

THE RISKS WE MONITOR AND MITIGATE

Risk management is an integral part of IFAC's strategic planning process. Management identifies and assesses the risks that may cause IFAC not to achieve its mission, and develops and implements actions to mitigate those risks. Management, in consultation with the Board, has identified the top risks as presented below. This risk identification and assessment helps management, in consultation with the Board, allocate resources to maximize IFAC's impact.

TOP RISKS

STRATEGIC RISKS

Loss of stakeholder confidence in standard setting

Failure to identify, prioritize or render services to meet competing demands of member organizations and other stakeholders

Loss of effectiveness as representative voice of global profession (failure to be proactive and relevant)

OPERATIONAL RISKS WITH STRATEGIC IMPLICATIONS

Insufficient funding for financial sustainability

Inability to attract/retain a diverse and highly-qualified staff (loss of intellectual resources)

STRUCTURES, RESOURCES AND PROCESSES TO SUPPORT IMPLEMENTATION OF STRATEGY

IFAC WILL MAINTAIN:

People

- Staff
- Volunteers who serve on the boards, committees, task forces, working groups, etc.
- Advisory groups

A relentless stakeholder focus

- Members, Associates, and Affiliates
- Regional Organizations / Acknowledged Accountancy Groupings
- Forum of Firms
- Donors and development partners
- Other key stakeholders

Infrastructure

- Outsourced IT
- Finance

IFAC WILL:

- Diversify funding driven by delivering on IFAC's unique strengths
- Adapt processes and reporting that are fit-for-purpose and appropriate
- Implement a People Strategy that seeks to attract, retain, develop, reward and retire the right people

IFAC'S FUNDING

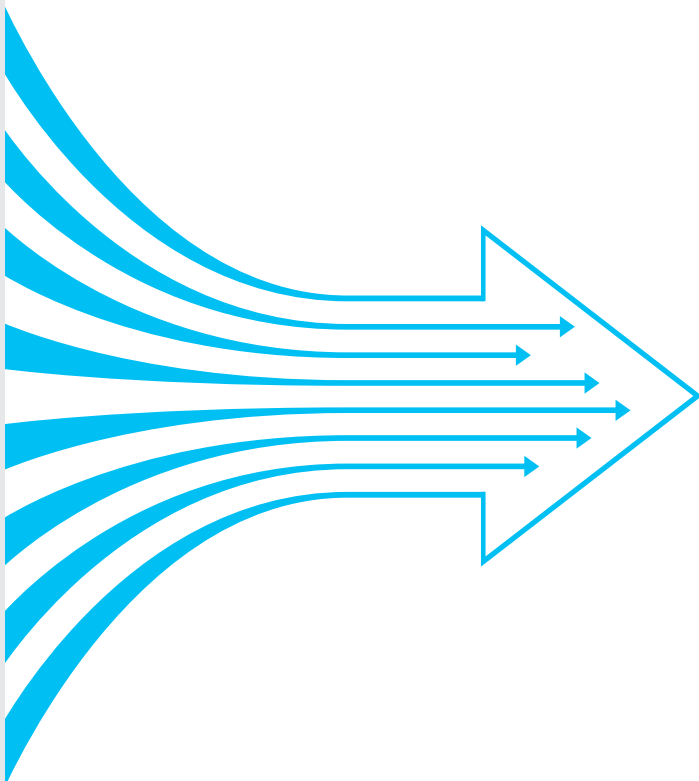
IFAC appreciates stakeholders' financial support, and seeks to maximize the impact of its funding. As a result, it focuses relentlessly on leveraging its unique strengths and fastidiously develops its work program, with acute attention to efficiency, economy, and effectiveness.

IFAC's annual budget is agreed between management and the IFAC Board and broad budgetary parameters are duly agreed by the IFAC Council. Financial performance is monitored and reported to the Board on a quarterly basis.

PERFORMANCE MEASUREMENT



Achievement will be measured through Key Performance Indicators (KPIs) agreed annually between management and the IFAC Board and reported on to the Board on a quarterly basis.





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