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## IASB® meeting

Date	<b>January 2025</b>
Project	<b>Work Plan</b>
Topic	<b>Draft IASB prioritisation framework</b>
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB *Update*.

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## Purpose of the paper

1. The purpose of this paper is to update the IASB on:
  - (a) feedback received on the IASB's draft prioritisation framework initially discussed at its [April 2024 meeting](#); and
  - (b) next steps.

<b>Question for the IASB</b>
Do you have any questions or comments on this paper?

## Structure of the paper

2. This paper is structured as follows:
  - (a) background;
  - (b) developments since April 2024 IASB meeting;
  - (c) next steps; and
  - (d) Appendix A – Draft IASB Prioritisation Framework

## Background

3. As a global standard-setter, the IASB serves nearly 150 jurisdictions, with multiple stakeholders—including users of financial statements, preparers, auditors, regulators, national standard-setters, policy makers and academics. Consequently, the IASB receives many diverse requests to undertake technical projects. However, both the IASB and stakeholders have a finite capacity to address technical accounting matters.
4. The IASB is, therefore, developing a prioritisation framework to help it operationalise the principles in the *Due Process Handbook* to consistently prioritise technical projects on its work plan in between its holistic prioritisations through its five-yearly agenda consultation process.

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5. The draft prioritisation framework consolidates and builds on other prioritisation requirements, frameworks and current practice to formalise a structured approach to each prioritisation decision in the standard-setting process. Specifically, the considerations in this draft framework were drawn from:
- (a) requirements in the *Due Process Handbook*;
  - (b) criteria applied in the [Third Agenda Consultation](#);
  - (c) [prioritisation criteria](#) for matters identified in PIRs;
  - (d) factors applied to projects recently removed from the work plan; and
  - (e) prioritisation frameworks used by the [International Sustainability Standards Board](#) in its recent Consultation on Agenda Priorities and those used by some national standard-setters.
6. Consequently, use of the draft prioritisation framework is not expected to significantly change prioritisation outcomes. Nonetheless, we expect use of a single, easily-accessible framework will bring efficiencies to obtaining, analysing and debating evidence and to making prioritisation decisions.

### Developments since April 2024 IASB meeting

7. Since the IASB discussed the draft prioritisation framework in April 2024, the staff has:
- (a) applied the framework to prioritisation questions, as set out in the IASB Work Plan Update paper in [June 2024](#), [October 2024](#) and [December 2024](#) and the Management Commentary paper on Project Direction in [June 2024](#) and
  - (b) sought feedback from the Due Process Oversight Committee of the IFRS Foundation Trustees (DPOC) in [June 2024](#) and the IFRS Foundation Advisory Council in [November 2024](#).
8. Paragraphs 9-10 set out the key points from our discussions and the staff's response. We have updated the draft prioritisation framework in Appendix A to reflect these points.

### DPOC feedback

9. At its June 2024 meeting, the DPOC:
- (a) sought clarification about the changes to the IASB's process and outcomes and requested a brief paper illustrating the 'before' and 'after'. In response to this question, our communications now provide this clarification (see paragraph 6 of this paper).

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- (b) requested that the paper include consideration of the International Sustainability Standards Board (ISSB). The staff notes that paragraph A13(d) includes strategic considerations such as facilitating connectivity with the ISSB. More generally, the staff notes that the determination of priorities involving both boards is an emerging area. The IASB's upcoming Fourth Agenda Consultation covering 2027-2031 and the ISSB's next consultation on its work plan will provide an opportunity to continue to develop an approach on prioritising joint work.
- (c) noted that it is within the remit of the DPOC to decide whether the proposed prioritisation framework should be included in the *Due Process Handbook*. The staff notes that:
- (i) the draft prioritisation framework is already based on the *Due Process Handbook*.
  - (ii) the draft prioritisation framework is still being tested by the IASB. It would also benefit from feedback from the ISSB. However, the ISSB is in a different stage from the IASB and – noting that the ISSB only recently concluded its consultation on its work plan that culminated with the establishment of its priorities (June 2024) -- the ISSB does not currently have a need to develop a prioritisation framework.
  - (iii) the Trustees published an exposure draft of proposed revisions to the *Due Process Handbook* in December 2024, with a comment period ending in March 2025. The exposure draft did not propose any substantive changes to the criteria for adding projects to the board's work plan but re-characterised those criteria as a non-exhaustive set of considerations. The exposure draft also clarified that those same considerations should also be considered in retiring a project. The staff will monitor any feedback about the existing language in the *Due Process Handbook*.

### ***IFRS Advisory Council feedback***

10. At its November 2024 meeting, IFRS Advisory Council members were supportive of the draft framework and made the following comments:
- (a) what is the KPI that we are trying to maximise with the prioritisation framework? Paragraph A7 has been added to address this point.
  - (b) the hurdle to add a project outside the holistic prioritisation undertaken in the five-yearly agenda consultation should be high; the bigger the potential project, the higher the hurdle. Paragraph A9 has been added to address this point.

- (c) we should also be able to articulate what has changed since the last agenda consultation. The staff notes that this is covered in paragraph A9.
- (d) the need to consider the benefits vs the costs of adding a new project and the impact on current projects. The staff notes that the entire framework is intended to draw out the benefits vs. costs of adding a new project. Paragraph A14(c) covers consideration about the impact on current projects.
- (e) a root-cause analysis of why projects were retired and added in the past may inform whether the framework is appropriate. Paragraph A13(c) has been revised to address this point.
- (f) should there be some reserve of staff resource to take on issues that arise in between agenda consultations? Can the work of others be leveraged? The staff notes these are regular considerations in conducting a project.
- (g) should there be specific criteria for retiring, pausing or restarting a project? The staff notes this is covered in paragraphs A16(d) and A19-A21.
- (h) pragmatism and collective judgment both play important roles in the prioritisation process. This is a principles-based framework, not a specific set of rules. The staff notes this is covered in paragraph A10.

### **Next steps**

11. As next steps, the staff plans to:
- (a) as requested by the DPOC Chair, provide a short follow up paper at a future DPOC meeting to:
    - (i) clarify the expected impact of the change being proposed; and
    - (ii) discuss plans to deal with situations in which there is a matter potentially requiring prioritisation decisions by both boards.
  - (b) further test the draft framework as opportunities arise, such as whether to prioritise a project on pollutant pricing mechanisms (see Agenda Paper 10 to this meeting).
  - (c) continue discussions with the ISSB on how to address connected prioritisation decisions. Consider, with the ISSB, whether adjustments to the IASB's framework are needed to facilitate connected prioritisation decisions between the IASB and ISSB.

- (d) consider whether and, if so, how to align this draft prioritisation framework with the prioritisation framework for matters raised in post-implementation reviews (PIRs). (PIRs have a specific purpose so alignment may not be possible.)

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## APPENDIX A – Draft IASB prioritisation framework

A1. This appendix is structured as follows:

- (a) overview of the standard-setting process;
- (b) overview of the draft prioritisation framework;
- (c) base framework; and
- (d) variations on the base framework.

### Overview of the standard-setting process

- A2. Every five years, the IASB conducts an agenda consultation, as required by the *Due Process Handbook*<sup>1</sup>. The five-yearly agenda consultation provides an opportunity for the IASB to holistically consider and consult on its priorities, including the framework (criteria) to apply in deciding on its priorities. As part of the agenda consultation, the IASB may add new technical projects to its **pipeline**, which consists of inactive projects that the IASB commits to starting before the next five-yearly agenda consultation. It may also remove projects from its pipeline or **work plan**, which consists of projects that the IASB is actively working on.
- A3. As part of the agenda consultation, the IASB also consults on the strategic direction and balance of the IASB's activities. In the Third Agenda Consultation, which concluded in 2022 and covers the period 2022 to 2026, the IASB decided the balance of its six main activities<sup>2</sup>, including that:
- (a) **Research and standard-setting** would comprise approximately 45–50% of its level of focus. Research and standard-setting consists of the development of new IFRS Accounting Standards, the development of major amendments to IFRS Accounting Standards, comprehensive reviews of the *IFRS for SMEs Accounting Standard*<sup>3</sup> and PIRs.
  - (b) **Maintenance and consistent application** would comprise approximately 15–20% of its level of focus. These activities consist of narrow-scope projects for the purposes of maintenance and consistent application of IFRS Accounting Standards and typically comprise matters that can be resolved efficiently (in two to three years) within the

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<sup>1</sup> Paragraphs 4.3-4.5.

<sup>2</sup> See [Third Agenda Consultation Feedback Statement](#).

<sup>3</sup> In the Third Agenda Consultation, the *IFRS for SMEs Accounting Standard* was treated as a separate activity. For purposes of the prioritisation framework, it is included in research and standard-setting, with a corresponding increase to the level of focus.

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confines of existing IFRS Accounting Standards and the *Conceptual Framework for Financial Reporting*. These activities also include the work of the Interpretations Committee.

- A4. During the five-year period in between agenda consultations, new projects may be added to the IASB's pipeline (or, if urgent, added directly to the work plan and started immediately) to respond to market developments. Typically, such projects will be maintenance and consistent application projects because the agenda consultation focuses on prioritising specific research and standard-setting projects, while leaving maintenance and consistent application projects to be specified as the need arises. This approach to the agenda consultation enables capacity to be set aside for the IASB to be agile and responsive to market developments with smaller, faster projects during the five-year period. However, the IASB may also add research and standard-setting projects if sufficient evidence suggests a need to update decisions made during the agenda consultation.
- A5. Once a project is added to the work plan, the IASB gathers evidence about the problem to be solved and undertakes standard-setting to address the problems identified. Upon completion of its work, the IASB issues amendments or a new IFRS Accounting Standard. Throughout this process, the IASB may decide to retire a project before issuing amendments; this could occur, for example, if work indicates that the problem is not as prevalent as initial evidence suggested.
- A6. After issuing amendments or a new IFRS Accounting Standard:
- (a) the IASB or the Interpretations Committee may receive questions about the application of the Standards. Some of these questions may lead to new projects.
  - (b) the IASB conducts a PIR of major amendments and new IFRS Accounting Standards to assess whether the effects of applying those new requirements on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those requirements. Some of the IASB's findings in the PIR may also lead to new projects.

### **Overview of the draft prioritisation framework**

- A7. The draft prioritisation framework set out in this appendix is intended to facilitate relative prioritisation decisions in between the IASB's five-yearly agenda consultations to maximise the contribution of the IASB's work to bring transparency, accountability and efficiency to financial markets around the world, given internal and external resource constraints.

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- A8. The draft prioritisation framework is focused on prioritisation decisions in between the IASB's five-yearly agenda consultation because, as stated in paragraph A2, the five-yearly agenda consultation provides the IASB with an opportunity to holistically consider and consult on its priorities, including the framework (criteria) to apply in deciding on its priorities. This provides the IASB with a fuller picture to make relative prioritisation decisions about existing and possible future technical projects. In between agenda consultations, however, the IASB must make ad hoc decisions about projects to add to or to remove from its work plan, without the benefit of a holistic consideration and consultation.
- A9. The IASB assesses the considerations in the draft prioritisation framework based on new evidence since the previous agenda consultation. The bigger the potential project, the greater the weight of evidence needed to add a project.
- A10. The application of the draft framework requires judgment; no individual consideration is determinative and IASB members may weight individual considerations differently.
- A11. The draft framework consists of a base framework, with variations based on the nature of the prioritisation decision to be made and the type of project.

### **Base framework**

- A12. The IASB's prioritisation decisions depend on the extent of two main types of considerations: technical considerations and operational considerations.
- A13. **Technical considerations** are:
- (a) **Pervasiveness**—that is, a large number of entities are affected or expected to be affected by the matter. Projects related to requirements that are not broadly applied (or projects related to voluntary guidance) may thus rank lower in priority. Included are considerations about jurisdictions, entities and industries affected to help ensure appropriate balance of those affected by the board's priorities.
  - (b) **Effects (expected financial reporting benefits exceed costs)**—the IASB would consider, with a focus, but not exclusively, on the needs of users:
    - (i) the expected benefits, such as more decision-useful (including comparable) information or reduced costs; and
    - (ii) the expected initial and ongoing costs (financial and otherwise) from any change in requirements.
  - (c) **Feasibility of standard-setting, given standard-setting investment required**—this includes feasibility of scope identification and development of solutions. Feasibility



may become more apparent after a project has been added and research has been conducted.

Some matters may have high feasibility of standard-setting with a low level of investment required in standard-setting—and may, therefore, rank higher in priority. In contrast, matters involving high degrees of judgement or noncompliance may not have a standard-setting solution—no matter how much standard-setting investment is made—and may, therefore, rank lower in priority.

As a project progresses through its life cycle, consideration may also be given to the level of remaining standard-setting investment to completion and the likelihood of a supermajority vote in favour of an exposure draft or a final amendment / Standard.

- (d) **Strategic priority**—which could include considerations such as maintaining the principles-based nature of IFRS Accounting Standards, facilitating connectivity with the ISSB, maintaining convergence where previously achieved with US GAAP, facilitating digital reporting or improving understandability to improve application of IFRS Accounting Standards.

A14. **Operational considerations** are:

- (a) **Time-sensitivity** of the need for a solution. Urgent projects are started immediately and may spend only an instant on the pipeline (in effect bypassing the pipeline). The time-sensitivity of a matter may be related to technical considerations such as pervasiveness and effect.
- (b) Whether the matter in question has **synergies with other projects**, including relevant research being performed by other standard-setters and organisations that could expedite the work of the IASB.
- (c) Whether **capacity (internal and stakeholder)** is available to meet project needs. Capacity also considers the strategic balance established during the Third Agenda Consultation for research and standard-setting versus maintenance and consistent application (see paragraph A3). If capacity is not available, relative prioritisation decisions will need to be made to source capacity from active projects or by delaying the anticipated start of pipeline projects.
- (d) If a project is paused, the **effort to restart** the project.

### Variations on the base framework

A15. The application of the base framework will depend on the:

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- (a) nature of the prioritisation decision; and
  - (b) type of project.

### ***Nature of prioritisation decisions***

A16. Prioritisation decisions occur at four points throughout the standard-setting process:

- (a) As part of the agenda consultation, at which time the IASB may decide to add new projects to the pipeline. The IASB may also decide to remove projects from its pipeline or work plan.
- (b) After the agenda consultation, potential new projects may be identified through a variety of sources (see paragraph A23). At this point, the IASB must decide whether the project is of sufficient priority to add it to its pipeline. The *Due Process Handbook* requires that the IASB consult with the IFRS Advisory Council and the Accounting Standards Advisory Forum before adding potential major projects to the work plan if not contemplated in the previous agenda consultation<sup>4</sup>.
- (c) The IASB must then decide when to start a pipeline project. This decision occurs at some point before the start of the next agenda consultation to enable the start of the pipeline project before the next agenda consultation.
- (d) For an active project, at natural points within its lifecycle, such as after evaluating feedback on a consultation document, the IASB may consider:
  - (i) changing the scope of the project;
  - (ii) pausing the project (including possibly returning it to the pipeline); or
  - (iii) retiring the project and removing it from the work plan.

A17. As stated in paragraph A8, prioritisation decisions as part of an agenda consultation (paragraph A16(a)) are beyond the scope of this framework.

A18. Prioritisation decisions about ***whether*** to add a project to the pipeline (paragraph A16(b)) focus primarily on technical considerations. However, it should be noted again that the pipeline consists of inactive projects that the IASB commits to starting before the next five-yearly agenda consultation; it is not a waiting room for all technically important projects. Therefore, operational considerations may also need to be incorporated into the decision, for example:

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<sup>4</sup> Paragraph 4.6.

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- (a) whether the project should wait to benefit from the holistic agenda consultation prioritisation process (that is, the time sensitivity component of operational considerations); and
  - (b) whether there is sufficient capacity to start before the next agenda consultation, including how the addition of the project would affect progress of other ongoing projects (that is, the capacity component of operational considerations).
- A19. Prioritisation decisions about **when** to start a pipeline project (paragraph A16(c)) or pause an active project (paragraph A16(d)(ii)) focus primarily on operational considerations.
- A20. Prioritisation decisions about changing the scope of a project (paragraph A16(d)(i)) are a **whether** and **when** decision at the same time.
- A21. Prioritisation decisions about **whether** to retire an active project (paragraph A16(d)(iii)) focus primarily on technical considerations.
- A22. The staff has distinguished between paused projects and retired projects—and recommend clear communications about this distinction in the future. This is because projects should normally be retired based on technical considerations; consequently, even if there is demand for the project in the future, the IASB would not have a basis to undertake such a project unless there is new technical information. In contrast, a paused project may be restarted in the future when operational considerations are more favourable, regardless of whether there is new technical information.

### ***Type of projects***

- A23. Projects arise from different sources:
- (a) the five-yearly agenda consultation;
  - (b) required projects—that is, PIRs required by the *Due Process Handbook* and periodic comprehensive reviews of the *IFRS for SMEs Accounting Standard*;
  - (c) evidence from PIRs about the need for standard-setting;
  - (d) recommendations from the IFRS Interpretations Committee or actions in response to findings from the IFRS Interpretations Committee's work; and
  - (e) horizon-scanning activities in which IASB members and staff monitor emerging issues through research and outreach.
- A24. As stated in paragraph A8, prioritisation decisions as part of an agenda consultation (paragraph A23(a)) are beyond the scope of this framework.

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- A25. The prioritisation considerations for required projects (paragraph A23(b)) and projects arising from PIRs (paragraph 23(c)) differ from the base prioritisation considerations. Specifically:
- (a) for required projects:
    - (i) no decision about **whether** to add or retire these projects is needed because these projects are required.
    - (ii) decisions about **when** to start these projects have additional considerations. See [IFRS - IASB post-implementation reviews](#) for PIRs and paragraph BC264 of the *IFRS for SMEs* Accounting Standard.
  - (b) for projects arising from PIRs, decisions about **whether** to add a project and **when** to start it are based on the [PIR prioritisation framework](#) for the time being, although opportunities for alignment with this draft prioritisation framework can be considered in the future.