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Trade and Development Board
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Standards of Accounting and Reporting
Twenty-ninth session
Geneva, 31 October–2 November 2012

Agreed conclusions

A. Regulatory and institutional foundations for high-quality corporate reporting

(Agenda item 3)

1. The twenty-ninth session of the UNCTAD Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) noted that the world economy transcends national borders and that foreign direct investment continues to account for a larger proportion of overall investment. In this respect, the session reiterated the importance of global standards and codes for facilitating cross-border investment flows and for creating a stable, predictable and enabling investment climate. Delegates recognized the significant progress that standard-setters have made over the last two decades with respect to promulgating international standards and codes aimed at enhancing the utility and quality of corporate reporting around the world. The Group of Experts underscored the highly interrelated nature of the regulatory, institutional and technical competencies aspects of the corporate reporting infrastructure; highlighted the importance of an integrated approach towards strengthening the foundations for high-quality corporate reporting; and emphasized the need for concerted efforts at the national and international levels towards consistent implementation and enforcement of global corporate reporting standards and codes.

2. In this regard, the Group discussed a need for further enhancement of participation of developing countries and economies in transition in the international standard-setting processes. It noted that creation of new bodies, such as the Emerging Economies Group of the International Accounting Standards Board, has been a right step in this direction. The session requested UNCTAD to urge the International Accounting Standards Board to further increase participation by emerging economies and non-English speaking countries in the development and revision of International Financial Reporting Standards (IFRS).

3. Deliberations on this agenda item were facilitated by a background document titled Regulatory and institutional foundations for high-quality corporate reporting: issues and challenges (TD/B/C.II/ISAR/63) prepared by the UNCTAD secretariat. They also benefited from panels of distinguished experts, as well as from feedback received from the pilot tests on the UNCTAD-ISAR Accounting Development Toolkit (ADT) that were conducted during the intersessional period in nine countries, namely: Brazil, China, Côte d'Ivoire, Croatia, Mexico, the Netherlands, the Russian Federation, South Africa and Viet Nam. Delegates commended the background document that the UNCTAD secretariat prepared for the session for its high quality and also expressed appreciation for the insightfulness of the inputs provided by the different panel presentations. The session also expressed appreciation to those countries that participated in the pilot-test exercise.

4. In concluding its deliberations on this agenda item, the Group of Experts agreed that the ADT was a very useful tool for assisting member States in assessing their respective regulatory, institutional and human-capacity arrangements and capabilities, facilitating stakeholder dialogue, identifying gaps by benchmarking against globally recognized standards and codes and improving a country's investment climate. In particular, the session also agreed that the ADT could produce a basis for developing a strategic approach and a road map to addressing the gaps identified, measuring progress in a comparative and consistent manner and ultimately achieving high-quality corporate reporting. Furthermore, the session agreed on the potential of the ADT for facilitating the sharing of experiences among participating member States and creating a database of good practices.

5. The Group of Experts requested UNCTAD to continue its work on the ADT, including on the online portal, and gather feedback from country assessments on the application of the ADT with a view to revising it as needed. In this respect, the session encouraged member States interested in conducting assessments using the ADT to communicate their interest to the UNCTAD secretariat. Additionally, the Group of Experts requested UNCTAD to conduct further studies on the human resources related dimensions of the corporate reporting infrastructure and present its findings for consideration at the thirtieth session. In this connection, the session encouraged UNCTAD to consider – resources permitting – updating again the Model Accounting Curriculum developed by ISAR. Furthermore, the Group of Experts requested UNCTAD to assist developing countries and economies in transition in their efforts to generate sustainable finance for establishing and strengthening the capacity of institutions engaged in the implementation and enforcement of global standards and codes. In this respect, the session called on development partners to consider making funds available to realize these objectives.

6. Delegates called on UNCTAD to bring the ADT to the attention of the Group of 20 as a useful instrument to facilitate and assess the development of accounting infrastructure for high quality reporting with a view to encouraging countries to participate in the exercise.

B. Other business

(Agenda item 4)

1. Sustainability reporting

7. In discussing issues of sustainability reporting, integrated reporting and climate change reporting, the Group of Experts welcomed the outcomes of the thirteenth session of the United Nations Conference on Trade and Development (UNCTAD XIII), and noted the

views of member States on the need to contribute to a green economy in the context of sustainable development and the challenge of climate change (Doha Mandate, para. 18(b)).¹ The Group also welcomed the outcomes of the United Nations Conference on Sustainable Development (Rio+20) and noted the emphasis of member States on the importance of sustainability reporting and the need to develop models for best practice and facilitate action in this area, and the importance of considering the needs of developing countries, including in capacity-building (The future we want, para. 47).² ISAR also noted UNCTAD's role in this regard as one of the official implementing bodies of the Rio+20 call for action on sustainability reporting.

8. The Group of Experts discussed the increasing demand for sustainability reporting and practices in this area, including an increasing number of national regulatory and stock exchange initiatives to promote sustainability reporting. In this regard it noted the influential role that stock exchanges can play in promoting high-quality sustainability reporting through listing rules and voluntary sustainability indices. ISAR also reviewed recent developments in the area of climate change reporting. It expressed appreciation for the high quality of presentations and panel discussions on these issues.

9. The Group of Experts noted the diverse nature of different requirements and initiatives and a need for further efforts towards promoting a harmonized approach to sustainability reporting among member States, including on climate change issues. The Group of Experts agreed on the need for further analysis and deliberations on sustainability reporting initiatives with a view to sharing experiences in this area between countries and providing best practice guidance to policymakers and stock exchanges. The Group also agreed that UNCTAD, through ISAR, should continue to contribute to the field of environmental reporting. In this context, ISAR requested the UNCTAD secretariat to continue its cooperation with other relevant organizations to address these matters.

2. Corporate governance disclosure

10. ISAR reiterated the importance of corporate governance disclosure for policymakers, shareholders and other stakeholders, and recognized that high-quality reports in this area contributed to promoting investment and economic stability. The Group of Experts noted that the work on corporate governance disclosure continues to provide important data and analysis to facilitate international benchmarking, capacity-building and the sharing of country experiences. It commended the usefulness and quality of discussions on corporate governance disclosure in Jamaica and Trinidad and Tobago. The Group of Experts requested UNCTAD to continue to provide technical guidance to local institutions wishing to produce similarly standardized country case studies using the ISAR benchmark on good practices in corporate governance disclosure.

¹ TD/500/Add.1.

² A/CONF.216/L.1.