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and Related Financial Issues
First session
Geneva, 18 November 1996
Agenda item 8

**DRAFT REPORT OF THE COMMISSION ON INVESTMENT, TECHNOLOGY
AND RELATED FINANCIAL ISSUES ON ITS FIRST SESSION
(18-22 November 1996)**

Rapporteur: Mr. Atsuyuki Oike (Japan)

ADDENDUM

Speakers:

Chairman, ISAR
Ethiopia
Zambia
Union)
UNCTAD secretariat
Russian Federation
Director, ITED
Morocco (for African Group)
Pakistan (for Asian Group)

United States of America
India
Ireland (for European
Panama (for Latin America
and the Caribbean)
China
Japan
Australia
Canada

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements of individual delegations - to be submitted in English or French - should be communicated by Friday, 29 November 1996 at the latest to:

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Chapter III

REPORTS REQUIRING THE ATTENTION OF THE COMMISSION

(Agenda item 5)

A. Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its fourteenth session
(TD/B/ITNC/7)

1. The Chairman of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) at its fourteenth session presented the Working Group's report. He explained ISAR's origin in ECOSOC and its role in the harmonization of national accounting standards. He also noted that ISAR's work was in line with the outcome of Midrand in that while the Group was composed of government experts, it had the participation of civil society in the form of professional accounting associations and committees. It also combined technical discussions with practical activities for the benefit of developing countries. He summarized the work of the fourteenth session on accounting for commercial banks, government concessions and the environment, as well as the Group's efforts to improve accounting education and professional qualifications in developing countries, particularly Africa. With regard to banking, he noted that ISAR's discussions had been enriched by a special banking forum of high-level bank managers, bank directors, bank regulators and bank auditors.

2. The representatives of Ethiopia and Zambia asked questions on the status of the accounting profession in Africa, the problems of the profession and the solutions identified.

3. A representative of the UNCTAD secretariat replied that in some African countries there were few qualified accountants because there were no national degrees and no national professional associations. Training therefore needed to be improved and associations created or strengthened. One solution for improving the quality and quantity of accountants would be via a benchmark for professional qualifications.

4. The representative of the Russian Federation said that the results of ISAR's work had been positive, particularly for his country, and he hoped that ISAR would be able to continue in the future. He asked for clarification on

whether the Commission could or could not approve the convening of the next session since ISAR had been established by ECOSOC.

5. The Director of the Division on Investment, Technology and Enterprise Development replied that ISAR had formerly reported to the Commission on Transnational Corporations and had been transferred to UNCTAD, and it was now the Commission on Investment, Technology and Related Financial Issues which received its report. Its status in UNCTAD had been recognized in paragraph 115 of "Partnership for Growth and Development", and therefore the Commission could decide on its future sessions.

6. The spokesman for the African Group (Morocco) said that the richness of the information provided by ISAR's Chairman reflected the importance of the Group. He stressed first that ISAR should continue its work and second that it offered developing countries the possibility of being equitably represented and expressing their views on this complex question. Regarding the status of ISAR, he underlined that it had existed before Midrand and that paragraph 115 of the "Partnership for Growth and Development" was open to different interpretations. His Group wanted ISAR to continue its work and receive special treatment, because it had been created before Midrand and received its mandate from ECOSOC.

7. The spokesman for the Asian Group (Pakistan) said that his Group agreed with the African Group. ISAR was doing useful work and should continue its work in accordance with its special status. In his opinion paragraph 115 of the "Partnership for Growth and Development" was being interpreted incorrectly by some delegations.

8. The representative of the United States of America stated that he disagreed entirely with Morocco and Pakistan regarding the output of the Group and its future. His country declined to accept the report of the Group or its recommendations. It considered that the Group had ceased to exist, and any further work in the field in question should be done within the framework of an expert meeting.

9. The representative of India supported the statements of the representatives of Morocco and Pakistan. In view of the importance of the Group's work, he asked if UNCTAD had developed a technical assistance programme to implement the findings of the Group.

10. The Director of the Division on Investment, Technology and Enterprise Development replied that there were projects and/or workshops in Azerbaijan, China, the Russian Federation and Uzbekistan, and a workshop was planned for Bangladesh.

11. The representative of Ireland, speaking on behalf of the European Union, referred to the very useful work undertaken by ISAR; under UNCTAD's new institutional structure, that work must be carried out by an expert meeting.

12. The spokesman for Latin America and the Caribbean (Panama) said that Morocco and Pakistan had clearly expressed the sentiments of developing countries on the work of ISAR. His Group attached special importance to continuing the Group, which was considered useful by all for developing countries, as well as for the global community. His Group therefore associated itself with the conclusions proposed by the Chairman of ISAR. It also insisted on special treatment for the work of the Group, which was the only group mentioned expressly in the "Partnership for Growth and Development".

13. The representative of China supported the statements of Morocco, Pakistan and Panama.

14. The representative of Japan said that his country agreed with the United States and the European Union on the status of the Group. Future work

in this area must be done by an expert meeting, and it must be compared with other possible topics.

15. The representative of Australia agreed with the European Union that work by ISAR must be considered within the context of UNCTAD's post-Midrand structure. Regarding work on developing an international benchmark for professional qualifications, this was a complex task, and she wondered if work by UNCTAD would help meet the need identified. It was not clear how an international benchmark, if established, could be administered, particularly by UNCTAD. The problem was more the lack of infrastructure in education and training in developing countries to produce recognized qualifications. Technical assistance was needed at the country level.

16. The representative of Canada agreed that future work on accounting and reporting should be carried out through an expert meeting, in accordance with paragraph 114 of the "Partnership for Growth and Development".

B. Activities of the Programme on Investment, Technology and Enterprise Development: report by the UNCTAD secretariat (TD/B/COM.2/Misc.2)

17. The Director of the Division on Investment, Technology and Enterprise Development gave an oral report on the activities of the Division in the five main areas of its work: investment and transnational corporations; science and

technology for development; advisory services for investment and technology; privatization, entrepreneurship and competitiveness; and international accounting and reporting. Based on the background documentation provided by the secretariat (TD/B/COM.2/Misc.2), she stressed that, despite continuously shrinking resources under the regular budget, the programmes comprising the new Division had produced some 40 publications, technical papers and reports, and undertaken numerous advisory missions, workshops and training activities. She expressed her gratitude to a number of Governments for their Trust Fund contributions and expressed her hope that traditional donors would renew their commitments and new donors would come forward.

18. The representative of the United States of America said that there was a phrase in the secretariat's report that did not correspond to what had been agreed in Midrand. This made the report unacceptable to his delegation.

Action by the Commission

19. The Commission took note of the report of the secretariat.