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TRADE AND DEVELOPMENT BOARD  
Commission on Investment, Technology and Related Financial Issues  
Intergovernmental Working Group of Experts  
on International Standards of Accounting and Reporting  
Twentieth session  
Geneva, 29 September–1 October 2003  
Items 3 and 4 of the provisional agenda

**AGREED CONCLUSIONS\*\***

**A. Transparency and disclosure in corporate governance**

1. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), recalling the mandates given to it in the Bangkok Plan of Action and by the Commission on Investment, Technology and Related Financial Issues, has dedicated its nineteenth and twentieth sessions to the twin aspects of transparency and disclosure in corporate governance. Since that time, a number of corporate failures have caused a significant loss of investor confidence, highlighting the fact that improvements in corporate governance are required in developed and developing countries alike. It is a well-known fact that the very act of disclosure can help improve corporate governance and transparency. During the course of discussions at the nineteenth and twentieth sessions, a number of countries expressed the need for the issuance of practical guidance on corporate governance disclosures. ISAR therefore requested UNCTAD to publish and disseminate as widely as possible a paper on transparency and disclosure requirements for corporate governance, illustrating current practices. Such a publication could assist all Governments and other interested parties in identifying the aim and depth of their approaches to developing

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\* Re-issued for technical reasons.

\*\* As adopted at the closing plenary meeting of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting at its twentieth session.

and upgrading their own guidelines for applying the global principles, and in benchmarking companies in terms of their corporate governance disclosure.

2. ISAR also requested that UNCTAD continue to assist countries in the development and implementation of their own practical guidelines and benchmarking systems for corporate governance disclosure. It was particularly important to adapt guidelines and benchmarking systems to the needs of developing countries and countries with economies in transition that might vary in terms of degree of development and socio-cultural environment. UNCTAD was also asked to form partnerships with other private and public international organizations promoting corporate governance, such as the OECD/World Bank Global Corporate Governance Forum and the International Corporate Governance Network.

3. ISAR also agreed that the consequences of the recent corporate scandals reached beyond national borders. Stakeholder confidence could be strengthened by national and international efforts. After reviewing the findings of the case studies that had considered *inter alia* the difficulty of implementing corporate governance, ISAR agreed that it should give further attention to the relevant or common aspects of implementation, including the adequacy and extent of corporate governance disclosures and the role of such disclosures in adding sustainable value.

4. In reflecting on the presentations of the panel on transparency and accountability, ISAR decided that it should take into consideration the mandate given by the Group of eminent persons on both financial and non-financial disclosure in their 1974 report “The Impact of Multinational Corporations on Development and on International Relations” (E/5500/Rev.1/St/ESA/6). For example, ISAR could undertake a consideration of the usefulness of non-financial information to be provided to interested users.

## **B. Disclosure of the impact of corporations on society**

5. In considering the report “Disclosure of the Impact of Corporations on Society” (TD/B/COM.2/ISAR/20), ISAR recognized that corporations had widespread economic, environmental and social effects on various stakeholders that were not always reflected in the annual reports. ISAR also noted that a tremendous amount of work was being done by various groups, including the Global Reporting Initiative, to develop different indicators. ISAR agreed that work on corporate social responsibility reporting should remain within the ECOSOC mandate and the recommendations of the Group of eminent persons. ISAR could begin examining existing indicators so that corporate social responsibility reports would be comparable and would not impose unreasonable burdens on enterprises in developing countries. ISAR could also take into consideration the needs of small and medium-sized enterprises (SMEs) in reporting on this issue. The UNCTAD secretariat might report back to ISAR on these issues at the twenty-first session of ISAR.

### **C. Follow-up to “Accounting by Small and Medium-Sized Enterprises”**

6. A brief report on developments relating to the "Accounting by Small and Medium-Sized Enterprises" draft guidance since the nineteenth session was presented by the chairperson of the nineteenth session, David Moore. He indicated that the draft of the Level 2 guidance had been circulated for wider consultation and that the comments received had been considered by the consultative group. The final version of the Level 2 guidance would be posted to UNCTAD's ISAR website once clearance from the International Accounting Standards Board (IASB) had been obtained regarding the use of wording taken from International Accounting Standards in the Level 2 guidance. The Level 3 guidance was currently being field tested. It was agreed that small groups be developed to (i) monitor changes made to existing standards, as well as to any new standards issued by the IASB, and how they might affect the Level 2 Guidance issued by ISAR; and (ii) monitor the results obtained through the field testing and propose related changes to the Level 3 Guidance. Delegates from Bangladesh, the Democratic Republic of the Congo, Kenya, Poland, Sudan, Thailand and the Eastern Central and Southern African Federation of Accountants (ECSAFA) expressed interest in participating in one or both of these groups. It was also agreed that follow-up reports could be made to ISAR on Levels 2 and 3 as appropriate.

### **D. Follow-up to the Model Curriculum**

7. ISAR requested that the UNCTAD secretariat continue its efforts on national and international requirements for the qualification of professional accountants in coordination with the steering committee and the Education Committee of the International Federation of Accountants (IFAC). It also requested that the secretariat finalize the Model Curriculum and disseminate it as widely as possible.

### **E. Follow-up to environmental accounting**

8. Following the presentations on the follow-up from the fifteenth session of ISAR, the Working Group of Experts recommended that the work on environmental accounting and eco-efficiency indicators be brought to the notice of IFAC and be disseminated widely, including through distance learning facilities. UNCTAD was requested to conduct additional field testing of the guideline on eco-efficiency indicators in developing countries and across industry sectors. The framework and guidelines should be further enhanced to suit the specific needs of SMEs. UNCTAD should coordinate its work on reporting with other initiatives, including the UN Environment Programme and the Global Reporting Initiative.