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**International Standards of Accounting and Reporting**  
Twenty-eighth session  
Geneva, 12–14 October 2011

**Report of the Intergovernmental Working Group  
of Experts on International Standards of  
Accounting and Reporting on its twenty-eighth  
session**

Held at the Palais des Nations, Geneva, from 12 to 14 October 2011

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## **I. Agreed conclusions**

### **A. Capacity-building framework for high-quality corporate reporting**

(Agenda item 3)

1. The twenty-eighth session of UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) underscored the importance of a comprehensive and integrated approach to capacity-building for high-quality corporate reporting. The session noted with concern the continuing challenges to corporate reporting that had been arising in the course of the global financial crisis. The Group of Experts reiterated the importance of consistent implementation and enforcement of global standards and codes of corporate reporting as a precondition for a full realization of the benefits of such standards to the global economy. It also discussed the importance of assessing and measuring the progress in building capacity in this area, in order to facilitate further improvements of quality as well as harmonization of corporate reporting, based on international benchmarks and good practices.

2. In the course of their deliberations on the agenda item, delegates exchanged views on the draft measurement methodology, contained in document TD/B/C.II/ISAR/59, in general terms, and with regard to its individual pillars i.e. the legal and regulatory framework, the institutional framework, human capacity, and the capacity-building process. The Group of Experts agreed that the methodology provided useful guidance to policymakers and other stakeholders in self-assessing and benchmarking progress in building capacity for corporate reporting, identifying gaps and priorities in this area. It also agreed that, where relevant, the methodology could also help to identify country needs for technical assistance and to measure the impact of such assistance over time. The Group of Experts commended the UNCTAD secretariat and the Consultative Group on Capacity-Building for High-Quality Corporate Reporting for the high quality and comprehensive nature of the assessment Questionnaire. It also expressed appreciation to the countries and institutions that had hosted and participated in the series of roundtables that UNCTAD had carried out during the intersessional period, which had greatly contributed to raising awareness of major challenges in building and assessing corporate reporting capacity, to facilitating national stakeholders' dialogue, and to further refining the draft assessment Questionnaire.

3. The Group of Experts requested the UNCTAD secretariat, in cooperation with the Consultative Group, to incorporate into the draft Questionnaire comments received at the twenty-eighth session of ISAR and additional input that member States may provide within the intersessional period. It agreed that public sector reporting should be an important part of the Capacity-Building Framework (CBF) and the Questionnaire, but added that further work and discussions would be needed in order to include it into the document at a later stage. It was recommended that inclusion of the small and medium-sized enterprise (SME) sector in the assessment tool could be decided on at the national level, taking into consideration country-specific needs in this area. The session noted that the CBF and Questionnaire were of a living nature and would be subject to continuing revisions and updates over the coming years. The Group of Experts further requested the UNCTAD secretariat to conduct pilot tests of the capacity-building measurement methodology during the intersessional period and to report on its findings at the next session. In this context, the session welcomed the initiatives taken by those member States that had expressed their willingness to participate in the pilot tests. Furthermore, the Group of Experts invited other member States willing to participate in the pilot test of the measurement tool to advise the UNCTAD secretariat accordingly. It also invited development partners and interested member States and institutions to support the pilot-testing exercise by contributing extrabudgetary resources to the UNCTAD-ISAR Trust Fund.

## **B. Other business**

(Agenda item 4)

### **1. Integrated reporting and climate change-related disclosure**

4. In accordance with paragraph 156 of the Accra Accord and as requested by the twenty-seventh session of ISAR, the Group of Experts reviewed issues in environmental reporting. The Group recognized that climate change-related reporting was an important element of environmental reporting. The delegates noted that diverse national initiatives to address climate change-related reporting could benefit from greater international efforts to promote a more consistent, harmonized approach to the use of environmental reporting. ISAR requested UNCTAD to continue to contribute to the field of environmental reporting frameworks, particularly those related to climate change issues, with a view to promoting a harmonized approach among member States. Delegates agreed on the need for further analysis and deliberations on how to promote a consistent approach to climate change-related reporting. In this context, ISAR requested the UNCTAD secretariat to organize in the coming months a special meeting dedicated to addressing these matters.

5. The Group of Experts also recognized the need for more work on the subject of integrated reporting and commended the work of the International Integrated Reporting Committee (IIRC). ISAR requested UNCTAD to continue its support for the IIRC and to provide regular updates on the progress of the Committee.

### **2. Corporate governance disclosure**

6. ISAR reiterated the importance of corporate governance disclosure for promoting sustainable economic development. The Group of Experts recognized that high-quality reports in this area added value for policymakers, shareholders and other stakeholders, and promoted more stable economic development.

7. In accordance with the agreed conclusions of its twenty-seventh session, ISAR at its twenty-eighth session considered the results of two country case studies of corporate governance disclosure: the Russian Federation, and Trinidad and Tobago. ISAR commended the studies for their quality and noted that they helped to build on ISAR's earlier work in this area, by providing important data and analysis to allow for international benchmarking, capacity-building, and the sharing of country experiences. 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.

## **II. Chair's summary**

### **A. Opening statements**

1. The Deputy Secretary-General of UNCTAD welcomed all participants to the twenty-eighth session of ISAR. He stressed that having an effective accounting infrastructure in a country was a critically important – and often overlooked – facilitator of economic development. He congratulated ISAR on its work in developing a capacity-building framework, and noted that a tool to assess progress on capacity-building in the area of accounting and reporting would be very important to many countries around the world. Concerning the proposed measurement tool's ability to help identify gaps and

weaknesses, the Deputy Secretary-General indicated that this would allow development partners to better understand how they could be of help to recipient countries wishing to strengthen their accounting infrastructure. Such a tool, he noted, could help guide policymakers and practitioners with regard to what needed to be done at the country level to ensure high-quality corporate reporting.

2. Concerning environmental accounting and reporting, the Deputy Secretary-General commented on the need for more work to promote consistency among existing regulatory and voluntary initiatives. Moreover, he identified measurement and reporting on environmental issues as a critical step in the practical implementation of any international agreements on sustainable development.

3. The outgoing Chair of the twenty-seventh session of ISAR made an opening statement, in which she highlighted the importance of capacity-building in the area of accounting and reporting, and the importance of non-financial reporting for producing a more complete account of corporate activities.

4. The keynote speaker, the Secretary-General of the International Organization of Securities Commissions (IOSCO) highlighted two core pillars of securities regulation, namely disclosure and transparency. He underscored their respective roles in reducing market uncertainty and instability, and he outlined the work of IOSCO in promoting improved reporting practices among listed companies around the world. IOSCO's capacity-building efforts were emphasized too, in particular those focused on strengthening the regulatory capacity of securities regulators.

5. The Chair opened the floor for questions. Several delegates shared their views on the work of IOSCO, and asked some questions regarding the scope of IOSCO's capacity-building activities and how certain regions in particular could better benefit from increased cooperation with IOSCO.

## **B. Capacity-building framework for high-quality corporate reporting**

(Agenda item 3)

6. After the introduction of the agenda of the session by the UNCTAD secretariat, the first high-level panel of experts discussed recent trends and developments in accounting and reporting and related capacity-building challenges. Updates were provided on the work of the World Bank, the International Federation of Accountants, the Asian Development Bank, and the Association of Chartered Certified Accountants. Panellists commented on the usefulness of assessment methodology, and expressed willingness to continue working with UNCTAD-ISAR on this matter, particularly with respect to pillar D of the capacity-building framework for high-quality corporate reporting.

7. During the discussions that followed, one delegate asked the panellists about the connection between the financial crisis and accounting, and in particular, about the ability of accounting practices to provide forewarning of such events. Another delegate thanked the panel for its focus on building capacity among accountants, but stressed the need to also build capacity among users of corporate reports in order for them to better understand the information provided to them. The theme of building capacity among users was also stressed by one delegate who focused in particular on the capacity of regulators, investors, stock exchanges and finance ministries to understand accounting information. One delegate also raised the issue of SME accounting and the challenges of applying international standards such as the International Financial Reporting Standard for SMEs (IFRS for SMEs).

8. The secretariat introduced the agenda item “Capacity-building framework for high-quality corporate reporting”, noting that, in accordance with the agreement reached at the twenty-seventh session of ISAR, a number of activities had been conducted during the intersessional period to develop the assessment methodology for the capacity needed for high-quality corporate reporting. The UNCTAD-ISAR Consultative Group on Capacity-Building for High-Quality Corporate Reporting had held a meeting in Geneva in early 2011 and outlined a general approach for developing the assessment methodology. The Consultative Group had also discussed and agreed on a first version of the assessment questionnaire. Four country-level roundtables had been held – in Brazil, Croatia, South Africa and Viet Nam – with a view to (a) testing the relevance, completeness and usefulness of the framework and the draft questionnaire; (b) testing the practicality and usefulness of the assessment methodology; (c) identifying areas for improvement in terms of clarity, substance and objectivity; and (d) raising awareness of accountancy capacity-building challenges. In addition, feedback on the draft assessment tool had been received from stakeholders in Mexico. The draft questionnaire had been revised to reflect feedback received at the roundtables. The secretariat provided participants with an overview of the quantitative aspects of the measurement tool, including computation of scores for the individual indicators within a pillar, as well as the overall score for all three pillars. The introductory remarks concluded with the presentation of a list of suggested questions for discussion.

9. The Chair of the Consultative Group highlighted the role of high-quality corporate reporting in attracting investment and facilitating the economic and social development of member States. He stressed the importance of the practical feedback received from the national roundtables to develop and further improve the draft assessment methodology presented to the twenty-eighth session of ISAR for its consideration. He indicated a need for pilot tests of the measurement tool to be conducted in the period leading up to the twenty-ninth session of ISAR. After giving his opening remarks, the Chair of the Consultative Group invited panellists from Brazil, Croatia, Mexico, South Africa and Viet Nam to present their views on the main findings of the roundtables or on other discussions that had been conducted in their respective countries with regard to the draft assessment tool.

10. All panellists highlighted the usefulness of the assessment tool. They commended the high quality of the documentation prepared for the twenty-eighth session of ISAR. They noted that the discussions on the questionnaire had brought together a number of stakeholders representing key players in the areas of corporate reporting – including policymakers, regulators, professional accountancy organizations, and educators. The panellists noted that the “yes or no” format of the assessment questionnaire was practical and less subjective. However, not all issues could be presented in a “yes or no” format, and therefore the column for comments, which was provided in the questionnaire, would be useful. Furthermore, the different approaches that countries took with respect to implementation of international standards and codes, as well as the variations among countries with respect to their institutional settings, were viewed as challenges to maintaining a uniform measurement approach in all countries. Some of the panellists expressed the view that the assessment tool needed to take into account the efforts that countries were making towards adopting international standards, even if the countries concerned had not reached full adoption of standards at the time the assessment was being conducted.

11. The panellists identified, for further consideration, the segments of the questionnaire that dealt with micro-enterprises, SMEs, and the public sector. With respect to micro-enterprises and SMEs, the panellists noted that countries could be implementing national standards as opposed to IFRS for SMEs. The area of public sector reporting was viewed as being somewhat removed from the general area of corporate reporting. Furthermore, there

was a general understanding that International Public Sector Accounting Standards (IPSAS) were in the early stages of implementation and had not been implemented as widely as the International Financial Reporting Standards (IFRS). The assessment tool needed to take into account alternative benchmarks for the public sector.

12. Following the panel presentations, delegates took the floor to share their views. A number of delegates supported the views of the panellists regarding the usefulness of the assessment tool, and the healthy dialogue it could engender among different stakeholders in member States when it was more widely used. One delegate noted that the assessment tool was useful not only in providing a snapshot of the state of corporate reporting in a country, but also in providing a roadmap for identifying priorities and building the necessary capacity, and as means for measuring progress over time – including developing technical assistance projects and measuring their impacts. Some delegates expressed the view that countries that had taken a convergence approach for implementing IFRS without necessarily implementing the Standards as issued by the International Accounting Standards Board (IASB) needed to be accorded the same level of assessment as those countries that had implemented IFRS as issued by the IASB. Other delegates indicated a need for taking into consideration the efforts of countries that were in the process of implementing IFRS over a defined period of time. One delegate made the point that the public sector interacted with institutions that were completely different from those that the corporate sector dealt with. Another expert noted that IPSAS were not widely used, and indicated a need for further studies to be conducted with respect to accounting in the public sector before incorporating this area into the questionnaire. Some delegates noted that when adopting international standards, the need for capacity-building was even more pressing in respect of SMEs than in respect of large companies.

13. There was a general understanding that it would not be practical to aim for a perfect assessment tool in the initial attempt, and suggestions were made to conduct pilot tests using the proposed assessment tool. It was also recognized that the assessment tool would be a living document and would be subject to further refinements based on feedback received from the pilot tests, and eventually from actual assessments. There was also a general understanding that during the initial phase, countries would conduct a self-assessment exercise. However, the importance of peer review and independent validation was emphasized, too. Pilot tests needed to ensure that those who conducted a self-assessment exercise had all the required knowledge about all aspects of the pillars. Delegates also indicated a need for continuing further cooperation among international players dealing with improving the quality of corporate reporting.

14. At the first panel, members of the Consultative Group and other delegates dealt with issues discussed under pillar A (legal and regulatory framework) and pillar B (institutional framework). The first speaker, a representative of Ernst and Young, focused on the new integrated sustainable business model, emphasizing the creation of value and its maintenance in the long term. She highlighted the existing guidance provided by different organizations in the area of corporate responsibility. She also explained how the integrated sustainable business model could be addressed in the three main pillars of the assessment questionnaire developed by UNCTAD-ISAR, i.e. legal and regulatory framework, institutional framework, and human capacity.

15. The next speaker, a representative of the International Federation of Accountants (IFAC), provided background information about the activities carried out by IFAC. She also underscored the role of the professional accounting organizations (PAOs) in supporting economic development, as well as their impact on investors' confidence and consequently on investments and development. She also explained the main challenges faced by PAOs, and described the activities performed by IFAC in order to support the development and strengthening of PAOs. In particular, she emphasized the role of the PAO Development

Committee. Finally, she highlighted the way in which the assessment questionnaire was dealing with PAOs, and commented that key aspects from IFAC guidelines had been included in the questionnaire, as had an indicator that focused on PAO sustainability and effectiveness. She noted that the assessment tool had been designed in a flexible manner, which allowed situations where there was more than one PAO operating in a country to be taken into consideration.

16. The President of the Inter-American Accounting Association (IAA) commented that the questions in the assessment questionnaire relating to pillars A and B gave adequate guidance for high-quality corporate reporting. With regard to pillar A, he suggested the development of separate chapters for the public sector and for SMEs. In situations where there were multiple PAOs in a country, he recommended the implementation of a coordinating organization to deal with that issue. He also highlighted the main concerns of IAA regarding the capacity-building requirements, and explained the main activities in which IAA had been working recently; these included topics that were dealt with by the questionnaire, such as certification systems, the development of a homogeneous curriculum, and issues related to the public sector and to SMEs.

17. The next panellist, a representative of the Association of Chartered Certified Accountants (ACCA), underscored the usefulness of the indicators included in pillar A for public interest entities for the preparation of high-quality reports. He also noted their usefulness for SMEs, however he emphasized that each country would need to determine its own definition of that type of entity. The panellist questioned whether a regulatory framework should be imposed on micro-enterprises, or whether they should only be required to prepare reports for tax purposes. He indicated that the public and private sectors should be treated separately. The speaker commented that it would be necessary to agree on the requirements for each type of entity. In addition, he mentioned that without adequate funding and human resources, developing countries would not be able to apply international benchmarks. On the issue of assessing supply and demand of accountants and auditors in any given country, he commented that it was very difficult to judge what sufficient numbers were, however he stressed that the first step was to build up a base of qualified accountants. With regard to the public sector and SMEs, he mentioned that each country could decide which chapters of the questionnaire to use, according to its own needs. In order to deal with the problem of multiple educational institutions operating in any given country, he suggested following the example of the United Kingdom by creating a professional oversight board and a joint committee. He also noted that the questionnaire took into account ACCA's preferred model for regulation, which included three main elements – namely standards and regulations, monitoring and quality assurance, and investigation and discipline.

18. The final speaker on the panel, a representative of Royal NIVRA, provided background information on auditing activities and related standards, including topics such as codes of ethics and quality assurance. The panellist noted the interrelationship between the pillars, and pointed out that human capacity-building was required in order to ensure a high level of professional scepticism at all levels of implementation of regulation. He commented that professional scepticism was linked to ethical reasoning and worked towards the safeguarding of the public interest; therefore it should be promoted through education, audit regulation, ethics regulation etc. He mentioned that, due to the importance of promoting auditors' professional scepticism, pillar C of the questionnaire dealing with human capacity-building was the most important pillar and that special attention should be given to it.

19. The Chair then opened the floor for questions and discussion. One delegate encouraged the use of IPSAS and the use of external independent auditors, especially after the sovereign debt crisis in Europe. He also emphasized the need for accrual accounting for

the public sector. Another delegate stressed the relevance of including the public sector and SMEs in the assessment questionnaire. He noted that, in his country, IFRS were not implemented; nevertheless, he noted that this fact did not imply that the country did not have high quality standards. He also expressed his country's interest in participating in the pilot testing phase of the questionnaire. The next delegate to speak congratulated the secretariat on the questionnaire and described its work as excellent, and noted that development of the questionnaire should be continued. He also mentioned that, in his view, pillar A was the most relevant to investors. During the discussions, some delegates noted that the public sector required as much attention as the private sector, and, in this regard, indicated that the assessment questionnaire was a useful tool. Certain delegates mentioned that the translation of the questionnaire needed to be reviewed, for the purposes of clarity. With regard to SMEs, some delegates commented that IFRS for SMEs was not an adequate set of standards because it was not as simplified as it should be.

20. The Chair invited the President of the French Accounting Standards Authority to deliver a special address on the role of national standard-setters in countries that had implemented IFRS. In his address, the speaker noted that, in the European Union, IFRS were required only for the consolidated financial statements of listed entities. As a result, national standard-setters continued to play an important role in developing accounting standards for statutory reporting purposes, including for non-listed companies. He indicated that, although issues around IFRS had dominated the international debate on financial reporting in the wake of the financial crisis, the majority of entities in most countries did not report under IFRS. He emphasized that IFRS were intended for larger enterprises that participated in financial markets, and that IFRS were more investor-oriented. He cautioned against requiring IFRS for micro and small-scale enterprises, particularly in the least developed countries (LDCs). He further emphasized that the costs of implementing IFRS needed to be weighed against the benefits that could result from implementing such standards.

21. The Chair invited five panellists to share their views on the assessment questionnaire's human capacity pillar and its capacity-building process pillar. The panellists emphasized the importance of the human capacity pillar in the assessment, as well as the capacity-building process. One of the panellists stated that accounting education could no longer be considered in isolation from the regulatory and institutional environment of a country, thanks to this project by ISAR. Another panellist recognized the importance of support from regulators with regard to the adoption and implementation of education standards. The panellists underscored that while it may be difficult to change the traditional methods of delivering accounting education, changing the content of accounting education with a view to attaining high-quality corporate reporting was a feasible objective. Measuring the supply of and demand for accountants was recognized as one of the challenging areas of the assessment tool.

22. One of the panellists cited a study carried out some years earlier in her country that had looked at supply of and demand for accountants. The study had found that there was a shortage of accountants in the country, and identified the country's needs for accounting graduates along the following lines: 7,500 with a diploma; 9,000 with a first degree; and 5,500 with an honours degree or advanced degree. The panel noted that the standards that had been issued in 2004 by the International Accounting Education Standards Board (IAESB) were going through a process of revision and updating. The human capacity pillar of the assessment questionnaire would need to be updated to take into account the revised standards once the IAESB project had been completed. Another panellist noted that the assessment tool was very important in helping member States understand where they stood in relation to international benchmarks such as International Education Standards in Accounting, and in charting a course of action for the future that would enable them to arrive at the desired destination of high-quality corporate reporting.



23. The panel indicated that some components of accounting education, such as entry requirements and knowledge content, were of a factual nature and thus easier to measure. Components such as professional skills were normative. Other components still, such as assessment and practical skills, were normative and factual, and yet were more difficult to measure. In the course of the panel presentations, it was noted that the assessment process in general, and the human capacity pillar in particular, could benefit from input provided by external reviews. Another proposal from the panel related to conducting assessments in countries where multiple professional accountancy organizations existed. The panel was of the opinion that it would be useful for all professional accountancy organizations to be invited to participate in assessment exercises.

24. The panel presentations were followed by deliberations among the delegates. Several experts commented that the human capacity pillar was a very important pillar in the capacity-building framework. Progress on capacity-building could not take place without first developing the necessary human capacity in the respective pillars. One delegate noted that users of corporate information needed to be trained to understand corporate reports, and that this aspect needed to be reflected in the assessment tool. There was a general understanding that the accountancy profession functioned on a global basis, more than any other profession. Given the lack of educational materials for worldwide use forthcoming from other professions, the accounting profession had developed materials on topics such as communications, ethics and technology.

25. A suggestion was made to include the cost of education as part of the assessment exercise. There was further discussion on assessing supply of and demand for accountants in countries. One suggestion put forward was that accountants would become qualified accountants or obtain certification if they were legally required to do so. Since the workforce in the field of accountancy was composed of a mix of technicians, qualified or certified accountants, and non-qualified accountants, the assessment tool needed to take into account that reality. Several delegates suggested that regional events needed to be organized to raise awareness of the project, its objectives and tools, and to further refine the existing translations of the tools.

## **C. Other business**

(Agenda item 4)

### **1. Integrated reporting and climate change-related disclosure**

26. The Group of Experts considered issues of integrated reporting and climate change-related corporate disclosure, as part of the follow-up on its earlier work in the area of environmental accounting and reporting, and in order to get an update on recent developments. The secretariat introduced the item and provided a background summary, which included an overview of recent research in this area, and which demonstrated that while many national regulations and international guidelines existed to promote climate change-related disclosure, there was a lack of consistency between approaches. In order for corporate reporting on this subject to be consistent and comparable around the world, greater international cooperation was needed to promote a harmonized approach. For the discussion on climate change-related disclosure, the panellists represented organizations involved with creating guidelines on reporting in this area. Updates were provided on the work of the Organization for Economic Cooperation and Development, the Climate Disclosure Standards Board, and the Global Reporting Initiative. Speakers noted that climate change-related disclosure could benefit from being integrated within existing corporate reports, to facilitate analysis of the relationship between financial and

environmental performance. This issue of integrated reporting was more fully elaborated on by a representative of the International Integrated Reporting Committee.

27. The presentations were followed by a question-and-answer session. One delegate recounted the long history of ISAR's contributions to environmental reporting, which had begun with work carried out in the late 1980s. The role of stock exchanges in promoting sustainability reporting was highlighted. Several delegates recognized the importance of integrated reporting, particularly the effort to get financial and non-financial data to interact to produce new information about company performance. One delegate asked for advice on how a carbon tax or other environmental taxes might be implemented in developing countries. Several delegates stressed the need for national-based reporting indicating the performance of subsidiaries of transnational corporations. Outreach to universities was stressed by several delegates as an important means of educating the next generation of financial analysts and accountants on environmental and integrated reporting. One delegate expressed concern about the technical issues of recognition and measurement, and suggested that more work should be done in this area by leading standard-setting bodies. Several delegates highlighted the usefulness of environmental reporting in situations where banks were conducting due diligence on the environmental impacts of proposed projects seeking capital.

## **2. Corporate governance disclosure**

28. The secretariat provided a background summary on this topic, which included an overview of UNCTAD's research in this area. In particular, the secretariat highlighted the usefulness of the ISAR-developed *Guidance on Good Practices in Corporate Governance Disclosure* as an important benchmarking tool for measuring the implementation status of corporate governance disclosure. Panellists presented country case studies on the Russian Federation and on Trinidad and Tobago. These cases studies had been developed with technical assistance from UNCTAD and using ISAR's recommended disclosure items as a benchmark. The secretariat invited delegates interested in conducting similar country case studies in their own countries to contact the secretariat for technical assistance. Several delegates commented on the useful findings that the case studies provided, and on the relevance of the topic.

## **3. Updates by other international and regional organizations**

29. At this panel meeting, representatives of regional and international organizations working on issues related to corporate reporting presented an update of the activities that had been carried out over the past year. The first panellist, a representative of the Federation of Mediterranean Accountants, spoke of her organization's capacity-building activities, mentioning exchanges of best practice, the organization of conferences and seminars, mentoring and twinning programmes, and support to comply with IFAC requirements. She emphasized the need to promote an integrated approach for regional development. She mentioned that some conclusions had been drawn from the EuroMed study; among these was the need to promote convergence towards high-quality global financial reporting standards with a particular focus on SMEs. The speaker underscored the relevance of reliable, transparent and comparable financial reporting in order to have access to finance and investments in general. She noted that, over the past year, a series of conferences, trainings and seminars had taken place in the region, on topics such as capacity-building, public oversight, and financing and regulation of micro-enterprises and SMEs, among others.

30. The next speaker, a representative of IFAC, provided an overview of IFAC's activities and its different boards and committees. She commented that the IPSAS Board

had been working on a conceptual framework for general-purpose financial reports for the public sector. In addition, she mentioned – as another key working topic – the long-term fiscal sustainability of governments. She stated that the Professional Accountants in Business Committee had been working on topics including integrated reporting and sustainability. Another key development of 2011 was the Memorandum of Understanding to be signed between IFAC and the international donor community in November 2011, which aimed at strengthening the accountancy profession and improving collaboration.

31. A representative of IAA highlighted the need for competent accountancy professionals. He mentioned that IAA conducted a range of different conferences, such as the American regional seminars and the Summit Conference of the Americas. Regarding the activities carried out during the past year, he mentioned the implementation of quality assurance programmes, the development of a professional certification programme, the implementation of a programme of accreditation of higher education institutions, the development of an homogeneous curriculum for the training of certified public accountants, the publication of accounting guidelines for small-scale entities, and the development of a virtual certification programme for the public sector.

32. This was followed by a presentation by a representative of the Eastern, Central and Southern African Federation of Accountants (ECSAFA). The speaker indicated that ECSAFA would be dissolved by 31 December 2011, and that the Pan-African Federation of Accountants (PAFA) had been constituted in May 2011 by 37 institutes from 35 African countries. The main objectives of the new organization included enhancing the African accounting profession, facilitating the creation and development of PAOs, and the adoption and implementation of standards. Among the major challenges, the speaker identified the following factors: (a) only 22 African countries had institutes that were members of IFAC; (b) language difficulties; (c) financial resources; and (d) the fact that African countries were struggling to adopt and implement IFRSs.

33. The next speaker, a representative of the Federation of European Accountants (FEE), mentioned that FEE was composed of 45 professional bodies from 33 countries. He emphasized that accrual accounting and the implementation of IPSAS were essential for good governance in the public sector. He noted that corporate reporting had to remain relevant for the purposes of decision-making by stakeholders; in this regard, he stated that the European Financial Reporting Advisory Group had become a model for the world in grouping standard-setters and stakeholders at the regional level. With regard to non-financial information, he commented that this was being considered on a country-by-country basis. The speaker explained that integrated reporting was critical to a meaningful assessment of an organization's long-term viability, business model, and strategy. The speaker commented that a series of roundtables on access to finance by SMEs had been organized. Over the past year, one of the main developments in the region was the establishment in January 2011 of three financial supervisory authorities, namely the European Securities and Markets Authority, the European Banking Authority, and the European Insurance and Occupational Pensions Authority. Finally, he highlighted the debate on audit policy (European Commission Green Paper), and emphasized FEE's support for proportionate regulation aimed at enhancing audit quality and audit services supply.

34. The final speaker reported to the meeting about the creation in June 2011 of the Group of Latin American Standard Setters (GLASS). He noted that its main objective was to promote the integration of financial information standards-setters for Latin America, to allow them to "speak with a single voice" to IASB. The speaker commented that the membership of GLASS included 12 Latin American countries, and that in order to become member, a formal request needed to be submitted, and then approved by the assembly.

### **III. Organizational matters**

#### **A. Election of officers**

(Agenda item 1)

35. At its opening plenary meeting, the Intergovernmental Working Group of Experts elected the following officers:

Chair:	Mr. Damir Kaufman (Croatia)
Vice-Chair-cum-Rapporteur:	Mr. Ashraf Mahmoud Kadry El-Sharkawy (Egypt)

#### **B. Adoption of the agenda and organization of work**

(Agenda item 2)

36. Also at its opening plenary meeting, the Intergovernmental Working Group of Experts adopted the provisional agenda for the session, as contained in document TD/B/C.II/ISAR/58. The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Capacity-building framework for high-quality corporate reporting
4. Other business
5. Provisional agenda for the twenty-ninth session
6. Adoption of the report

#### **C. Outcome of the session**

37. At its closing plenary meeting on Friday, 14 October 2011, the Intergovernmental Working Group of Experts adopted its agreed conclusions (see chapter I) and agreed that the Chair would summarize the informal discussions (see chapter II). It also approved the provisional agenda for the twenty-ninth session of ISAR (see annex I).

#### **D. Adoption of the report**

(Agenda item 6)

38. The Intergovernmental Working Group of Experts authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting.

## **Annex I**

### **Provisional agenda for the twenty-ninth session**

1. Election of officers
2. Adoption of the agenda and organization of work
3. Regulatory and institutional foundations for high-quality corporate reporting
4. Other business
5. Provisional agenda for the thirtieth session
6. Report of the meeting

## Annex II

### Attendance\*

1. Representatives of the following States members attended the session:

Afghanistan	Mexico
Albania	Morocco
Angola	Namibia
Azerbaijan	Netherlands
Belarus	Nigeria
Benin	Pakistan
Bosnia and Herzegovina	Panama
Brazil	Poland
Cambodia	Portugal
Central African Republic	Russian Federation
China	Rwanda
Congo	Senegal
Côte d'Ivoire	Sri Lanka
Croatia	Sudan
Ecuador	Sweden
Egypt	Switzerland
Equatorial Guinea	Thailand
France	Togo
Germany	Tunisia
Hungary	Turkey
Iran (Islamic Republic of)	Uganda
Iraq	Ukraine
Japan	United Republic of Tanzania
Kenya	Uzbekistan
Kuwait	Venezuela (Bolivarian Republic of)
Lithuania	Viet Nam
Madagascar	Zambia
Malta	Zimbabwe

2. The following intergovernmental organizations were represented at the session:

Asian Development Bank  
Economic Community of West African States  
European Union  
International Olive Council  
Organization for Economic Cooperation and Development

3. The following specialized agencies were represented at the session:

International Fund for Agricultural Development  
World Bank  
World Intellectual Property Organization

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\* For the list of participants, see TD/B/C.II/ISAR/Inf.4.

4. The following non-governmental organizations were represented at the meeting:

*General category*

Global Traders Conference  
 Ingénieurs du monde  
 World Association of Former United Nations Interns and Fellows

5. The following panellists made contributions to the meeting:

Ms. Nancy **Kamp-Roelands**, Chair, Twenty-seventh session  
 Mr. Damir **Kaufman**, Director, Ministry of Finance, Croatia  
 Mr. Ashraf **El-Sharkawy**, Chair, Egyptian Financial Supervisory Authority  
 Mr. Greg **Tanzer**, Secretary-General, International Organization of Securities Commissions  
 Mr. Henri **Fortin**, Head, Centre for Financial Reporting Reform, World Bank  
 Mr. Jim **Sylph**, Executive Director, Professional Standards, International Federation of Accountants  
 Mr. Samiuela **Tukuafu**, Principal Financial Sector Specialist, Asian Development Bank  
 Mr. Richard **Martin**, Head, Financial Reporting, Association of Chartered Certified Accountants  
 Mr. Nelson **Carvalho**, Professor, University of São Paulo, Brazil, and Chair, UNCTAD-ISAR Consultative Group on Capacity-Building Framework  
 Mr. Guillermo **Braunbeck**, Academic Fellow, IFRS Foundation, London, United Kingdom  
 Mr. Ivica **Smiljan**, President, Financial Reporting Standards Board  
 Ms. Elsa Beatriz **García**, Board Member, Mexican Financial Reporting Standards Board  
 Mr. Ewald **Muller**, Senior Executive, South African Institute of Chartered Accountants  
 Mr. Vo Tan **Hoang Van**, Partner, Ernst and Young Viet Nam Limited  
 Ms. Gabriella **Kusz**, Technical Manager, International Federation of Accountants  
 Mr. Luis Alberto **Werner-Wildner**, President, Inter-American Accounting Association  
 Mr. Michael **Walsh**, Consultant, Association of Chartered Certified Accountants  
 Mr. Paul **Hurks**, Director, International Accountancy Education and Development, Royal Netherlands Institute for Registered Accountants  
 Mr. Jérôme **Haas**, President, Autorité des normes comptables, Paris, France  
 Mr. Mark **Allison**, Chair, International Accounting Education Standards Board  
 Ms. Lesley **Stainbank**, Professor, University of KwaZulu-Natal, South Africa  
 Mr. Belverd **Needles**, Ernst and Young Distinguished Professor of Accounting, DePaul University, United States  
 Mr. Gert **Karreman**, Professor, Leiden University, Netherlands  
 Mr. William **Phelps**, Executive Vice-President, CARANA Corporation, United States  
 Ms. Lois **Guthrie**, Executive Director, Climate Disclosure Standards Board  
 Ms. Cristina **Tebar Less**, Senior Policy Analyst, Investment Division, Directorate for Financial and Enterprise Affairs, Organization for Economic Cooperation and Development  
 Ms. Lisa **French**, Director, Sustainability Reporting Framework, Global Reporting Initiative  
 Ms. Jessica **Fries**, Director, International Integrated Reporting Committee  
 Mr. Igor **Belikov**, Director, Russian Institute of Directors

Mr. Axel **Kravatzky**, Chair and Principal Consultant, Syntegra Change Architects,  
Trinidad and Tobago  
Mr. Vickson **Ncube**, Chief Executive Officer, Eastern, Central and Southern African  
Federation of Accountants  
Mr. Olivier **Boutellis-Taft**, Chief Executive, Federation of European Accountants  
Ms. Maria Teresa **Venuta**, Secretary-General, Federation of Mediterranean  
Accountants

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