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**ROUND TABLE ON CORPORATE TRANSPARENCY
AND INVESTMENT**

14 June 2004 – Summary prepared by the UNCTAD secretariat

1. The round table was organized jointly with BOVESPA, the São Paulo Stock Exchange. The objectives of the round table were to raise awareness among main stakeholders of the importance of corporate transparency for facilitating investment, including foreign direct investment; to debate major issues related to improving corporate transparency at the national and international levels; and to discuss best international practices involving corporate transparency and how developing countries and economies in transition could be assisted in implementing these practices.
2. Many developing countries and countries with economies in transition strive to mobilize financial resources from domestic as well as international sources with a view to attaining their economic and social developmental goals. Domestic and international investors use financial and non-financial information available on potential investment targets to assess risk and make critical investment decisions. Thus, the availability of financial and non-financial information in sufficient quantity and quality has an important bearing on efforts to mobilize investment for financing economic and social development. Adequate reporting and disclosure of financial and non-financial information is likely to improve investor confidence and lower the cost of investment.
3. Given the quickening pace of globalization, the growing interdependence of international financial markets and the increased mobility of capital, developing countries and countries with economies in transition need to give more importance to corporate transparency and disclosure. Policy makers, legislators and regulators need to recognize the significant influence that corporate transparency has on investors' decisions and to strengthen further the various components of corporate disclosure infrastructure so that domestic and international resources are mobilized more efficiently.
4. The use of different national accounting standards makes it more difficult and costly for investors to compare opportunities and make informed financial and investment decisions. In addition, globalization of capital markets has increased demand for the harmonization of accounting frameworks and standards. However, some developing countries and countries with economies in transition lack accounting infrastructure and professional institutions. Therefore, they need assistance

in strengthening their capacity to implement internationally recognized accounting standards as well as best practices on corporate transparency and disclosure.

5. UNCTAD, along with other international organizations, such as the World Bank and the OECD, has for many years contributed to promoting better corporate transparency and disclosure through the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). The growing importance and complexity of the issues surrounding corporate transparency and disclosure makes it necessary for UNCTAD to continue and accelerate its work in these areas. UNCTAD is well placed to facilitate the exchange of views among member States on these issues, as well as the implementation of best practices.

6. The round table was attended by over 200 participants representing regulators, the private sector, standard-setting bodies, academia and the accounting profession.
