

CORPORATE ACCOUNTING AND REPORTING

AIMING AT TRANSPARENCY

GLOBAL CONTEXT

The increasing pace of globalization has created a strong interdependence and connectivity among worldwide financial markets. Compliance with a series of international standards, codes and regulations applicable to corporate reporting has become an essential requirement for countries to continue attracting financial resources. Consequently, a sound accounting infrastructure that enables high-quality corporate reporting has become critical for facilitating economic development. Such an accounting infrastructure strengthens investors' and other stakeholders' confidence and enhances comparability, transparency, credibility and financial stability. A strong reporting system facilitates international flows of financial resources and regional economic integration, while helping to reduce corruption and mismanagement of resources. In addition, the non-financial information component of corporate reporting makes companies and organizations accountable for the social and environmental impacts that their activities produce.

The challenge for many countries, though, continues to be the adoption and effective implementation of international standards. Developing countries, least developed countries and countries with economies in transition struggle to comply with such requirements. UNCTAD, through its Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, developed an Accounting Development Tool with a view to responding to those challenges. The Tool has two main components: an accounting development framework, for high-quality corporate reporting, and a related assessment questionnaire, consisting of detailed questions on essential elements of an effective accounting infrastructure.

HOW DOES THE ACCOUNTING DEVELOPMENT TOOL WORK?

The Accounting Development Tool enables beneficiary countries to voluntarily assess their accounting infrastructure, including national institutions, regulations, human resources and processes, against international requirements for high-quality corporate reporting. The Tool also promotes an open and constructive dialogue among all stakeholders involved in the reporting supply chain which is required for conducting successful accounting reforms. It is designed to provide guidance to stakeholders and policymakers on the current level of development of a country's accounting infrastructure in order to identify gaps, determine priority areas for further development, and design and implement sustainable strategies and action plans towards convergence with international standards and practices.

The Accounting Development Tool provides a quantitative benchmark of a country's position at a particular point in time and its progress towards increased implementation of international standards and practices. Dynamic graphical quantitative information can be generated on strengths and weaknesses at different levels of detail. The Tool also features an Internet-based platform, currently available in English, French, Spanish and Russian, through which assessments can be conducted.

PROGRAMME FACTS AND FIGURES

Programme scope: all regions

Programme start date: 2012

Number of countries
assisted to date: 11

Number of ongoing or upcoming
assessments: 2

Programme website:
unctad.org/isar

Accounting Development Tool website:
unctad.org/isar-adt

.....

RESULTS AND IMPACT AT A GLANCE

- The impact of assessments conducted through the Accounting Development Tool is evidenced in the commitment of countries to the process and endorsement of the resulting recommendations, the implementation of those recommendations through action plans and the number of countries – 5 – requesting an assessment of their national accounting infrastructure.
- Governments have found the recommendations coming out of applying the Accounting Development Tool to be useful and have implemented them. Such impact was noted at the thirty-first session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting of UNCTAD, in October 2014, when various country representatives underscored the Tool's value:
 - The Director General of SPF Économie Belgium highlighted that the benefit of the Tool in his country included a clear picture of the status of corporate reporting in relation to key international requirements, opening dialogue among key stakeholders dealing with corporate reporting matters and the usefulness of the Tool's findings in implementing legislative reforms.
 - The Secretary-General of the Permanent Council of Accounting of the Democratic Republic of the Congo indicated that his country would learn from the recent experience of Côte d'Ivoire, and expressed interest in providing resources to apply the Tool in 2015.

- In Ecuador, the Undersecretary of Governmental Accounting underlined that one of the important outcomes of the Accounting Development Tool exercise was the ongoing interaction it had generated among key regulators in the country.
- The President of the Academy of Management, under the Ministry of Finance of Ukraine, highlighted that the country was in the process of harmonizing applicable regulations with European Union requirements and further indicated that the Tool had been useful in facilitating the country's reform process. The Tool's summary reports prepared by Ukraine also showed active to strong involvement of stakeholders, from the public and private sectors, in assessment exercises. This had led to a consensus-based assessment of the national accounting infrastructure and identification of key areas for an action plan.

**DONORS/
FUNDING SOURCE**

Current: Association of Chartered Certified Accountants (United Kingdom)

Past: Association of Chartered Certified Accountants (United Kingdom), the Netherlands Institute of Chartered Accountants, Deloitte, KPMG, Ernst and Young, Pricewaterhouse Coopers and FBK, Ministry of Finance of Côte d'Ivoire, Ministry of Finance of Ecuador

Countries assessed with the Accounting Development Tool, 2012–2014

