

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Investment, Enterprise and Development Commission,
Fourth session
Geneva, 26–30 November 2012**

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

Mr. Jim Osayande Obazee

Monday, 26 November 2012

*Not checked against delivery **

* This statement is made available in the language and form in which it was received. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

Mr. **Jim Osayande Obazee** is the Executive Secretary/Chief Executive Officer of the Financial Reporting Council of Nigeria (a Parastatal of the Federal Government of Nigeria). In that capacity, he oversees the setting, monitoring and enforcement of financial reporting standards and corporate governance practices in both public and private sectors of the Nigerian economy. He is also responsible for harmonizing the activities of relevant professional and regulatory bodies in Nigeria. Mr. Obazee was the Chairman of the Committee on Roadmap to the Adoption of International Financial Reporting Standards in Nigeria and currently establishing a national Code of Corporate Governance for Nigeria. Hitherto, he was Technical Director at the Nigerian Accounting Standards Board (NASB). In his role, he has been on attachment to the Financial Accounting Standards Board, USA, Accounting Standards Board, Canada and that of the UK. He joined the NASB in 1993. Prior to this, he was a Lecturer of Accounting at the University of Benin. Mr. Obazee holds a B.Sc in Accounting (University of Benin), M.Sc in Accounting (University of Lagos) and a certification in Strategic Financial Analysis for Business Evaluation (Harvard University, USA). He is a Fellow of the Institute of Chartered Accountants of Nigeria and a member of the American Accounting Association.

I. Introduction

Let me join others in congratulating you on your elections as Chair of the Fourth Session of the Investment, Enterprise, and Development Commission.

Thank you, Chair for giving me the floor to present a brief report on UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) to this fourth session of the Investment, Enterprise, and Development Commission.

Since the last session of this Commission, ISAR has held its twenty-eighth and twenty-nine sessions from 12-14 October 2011 and 31 October to 2 November 2012, respectively. Furthermore, since the last session of the Commission, the Group of Experts has conducted a number of activities. In my report today, I will highlight the main activities of ISAR and I will conclude by drawing the Commission's attention to matters that require its approval and support.

II. The twenty-eighth session of ISAR

Before I get to the details of the report on the twenty-eighth session of ISAR, I would like to note that the Chair of the twenty-eighth session of ISAR, Mr. Damir Kaufman has kindly authorized me to deliver to this Commission the report on the twenty-eighth session of ISAR. As most of you would be aware, the official report of the twenty-eighth session of ISAR has been published with the symbol TD/B/C.II/ISAR/61. Copies of this report are available in this room. The report, presents in a comprehensive manner, essential issues discussed at the twenty-eighth session of ISAR as well as the agreed conclusions the session reached. I will briefly highlight the main aspects of the session.

In accordance with the agreement reached at the conclusion of the twenty-seventh session of ISAR, the main deliberations at the twenty-eighth session were focused on the further development of the measurement methodology of the Accounting Development Tool that the Group of Experts has been working on. During the period leading to the twenty-

eight session of ISAR, the UNCTAD secretariat, in consultation with the Consultative Group on Capacity-building and in cooperation with relevant authorities and stakeholders in Brazil, Croatia, South Africa and Vietnam tested the usefulness of the questions contained in the measurement tool. Input was also received from Mexico. In concluding its twenty-eighth session, the Group of Experts agreed that the proposed measurement methodology provided useful guidance to policy-makers and other stakeholders in self-assessing and benchmarking progress in building capacity for corporate reporting, identifying gaps and priorities.

The twenty-eighth session of ISAR also considered additional topics under other business. It reviewed recent developments on integrated reporting and climate change related disclosure. The Group of Experts recognized that existing national regulations and international guidelines aimed at promoting reliable climate change disclosure lacked consistency and comparability around the world. ISAR agreed on the need for further analysis and deliberations on how to promote a consistent approach to climate change related reporting. Another topic the twenty-eighth session considered was corporate governance disclosure. It reviewed case studies on corporate governance disclosure conducted in the Russian Federation and in Trinidad and Tobago with technical support from the UNCTAD secretariat. The Group of Experts requested UNCTAD to continue providing technical guidance to local institutions that wish to produce country case studies using the ISAR benchmark on good practices in corporate governance disclosure.

As has been the tradition for many years, a number of regional and international organizations that deal with corporate reporting matters updated delegates at the twenty-eighth session of ISAR on their respective activities conducted during the intersession period of ISAR. These updates were useful in many respects, including for promoting coordination and cooperation among regional and international organizations that work towards improving corporate reporting.

The twenty-eighth session of ISAR was a success in many respects, including the usual high number of participants from capitals of member States in all regions of the world.

III. The twenty-ninth session of ISAR

I will now turn to the twenty-ninth session of ISAR which took place here at the Palais des Nations earlier this month. The official Report of the Group of Experts on the twenty-ninth session and the provisional agenda that ISAR has proposed for its thirtieth session to take place in 2013 have been circulated with the symbol TD/B/C.II/ISAR/64. I understand that copies of this document are available in this room.

As agreed at the twenty-eighth session, the main agenda item of the twenty-ninth session of ISAR dealt with the regulatory and institutional foundations for high-quality corporate reporting. The topic focused on the first two pillars of the Accounting Development Framework. Furthermore, the Group of Experts reviewed findings of country pilot-tests of the Accounting Development Tool that were conducted in Brazil, China, Côte d'Ivoire, Croatia, Mexico, the Netherlands, the Russian Federation, South Africa, and Vietnam. The Group of Experts concluded its deliberations on this agenda item by agreeing that the Accounting Development Tool was very useful for assisting member States in assessing their respective regulatory, institutional, human-capacity arrangements and capabilities, facilitating stakeholder dialogue, identifying gaps by benchmarking against globally recognized standards and codes. The session also recognized the usefulness of the Accounting Development Tool for improving a country's investment climate as well as for developing a strategic approach and a roadmap to addressing the gaps identified, measuring progress in a comparative and consistent manner and ultimately achieving high-quality corporate reporting. In this respect, the Group of Experts has requested UNCTAD to continue its work on the Accounting Development Tool, including on the online portal, and gather feedback from country assessments on the application of the tool.

The twenty-ninth session also considered two additional topics: sustainability reporting and corporate governance disclosure. With respect to sustainability reporting, the session discussed the increasing demand for

sustainability reporting and noted the influential role that stock exchanges can play in promoting a high-quality sustainability reporting through listing rules and voluntary sustainability indices. In concluding its discussions on sustainability reporting, the session agreed on the need for further analysis and deliberations on sustainability reporting. It also requested UNCTAD to continue contributing to the field of environmental reporting. The discussion on corporate governance disclosure focused on a country case study of Jamaica, and updates from Trinidad and Tobago on capacity building efforts in that country sparked in part by its 2011 study on corporate governance disclosure. The session requested UNCTAD to continue providing technical guidance to countries that wish to produce additional standardized country case studies using the ISAR benchmark on good practices in corporate governance disclosure.

IV. Other related activities

Since ISAR's last report to the third session of this Commission, the UNCTAD secretariat has undertaken a number of activities on behalf of the Group of Experts. I will highlight some of the key activities.

As part of the preparatory work leading to the twenty-eighth session and the twenty-ninth session of ISAR, the UNCTAD secretariat, in cooperation with the relevant competent authorities in the respective countries organized five country-roundtables and nine country-pilot-tests. These events have been very useful in obtaining feedback on the Accounting Development Tool. They have also promoted dialogue among key stakeholders thereby creating impetus for further efforts to improve corporate reporting in the respective countries.

The UNCTAD secretariat has been organizing a number of events aimed at assisting participants in upgrading their skills and reviewing latest developments on accounting and corporate reporting.

- On 11 October, one day before the twenty-eighth session of ISAR, UNCTAD organized a technical workshop on the application of fair value measurement requirements and also on classification and measurement of financial instruments;

- In mid-November 2011, UNCTAD conducted a training workshop in Lima, Peru, for small and medium-sized enterprises. The event was jointly organized with Empretec-Peru;
- In late January 2012, the UNCTAD secretariat conducted consultations in Geneva with the UNCTAD-ISAR Consultative Group on Accounting Development here at the Palais des Nations in Geneva;
- In March 2012, UNCTAD, OECD, the Climate Disclosure Standards Board and the Global Reporting Initiative conducted a joint workshop on climate change reporting; here at Palais Des Nations, Geneva.
- In April 2012, UNCTAD launched, in Doha, Qatar the Accounting Development Tool on the occasion of the Thirteenth Ministerial Quadrennial Conference of UNCTAD;
- In July 2012, the UNCTAD Secretariat co-organised the 3rd Conference on Sustainable Stock Exchanges Initiative (SSE) during the Rio+20 Conference on sustainable development
- On 30 October, one day before the twenty-ninth session of ISAR, UNCTAD organized a forum on accounting education here at the Palais des Nations in Geneva. This event was jointly organized with the International Financial Reporting Foundation's Education Initiative.
- In November 2012, the UNCTAD Secretariat, in cooperation with the ILO and OECD hosted the second annual Inter-Agency Roundtable on CSR issues to explore how to best address key outcomes of the Rio+20 Conference.
- Finally, the UNCTAD Secretariat launched a new training programme on responsible business for TNCs, in partnership with the German development agency (GIZ) and the Ministry for Economic Cooperation and Development (BMZ). The first pilot training is expected to be delivered in March 2013.

V. Concluding remarks and decisions for the Commission

In the aftermath of the global financial crisis, the importance of high-quality corporate reporting has become more critical than ever. I would like

to highlight that in this respect, ISAR's work on the Accounting Development Tool is very timely and in great demand by member States. I take this opportunity to bring to your attention that during the inter-session period leading to the thirtieth session of ISAR, the UNCTAD secretariat in cooperation with relevant authorities at country levels will be conducting country assessments applying the UNCTAD-ISAR Accounting Development Tool. I encourage you to advise the UNCTAD secretariat if your country will be interested in participating in the assessment exercise.

I would like to conclude my report by requesting the Commission to take note of the report of the twenty-ninth session of ISAR and to approve the provisional agenda that the Group of Experts has proposed for its thirtieth session.

I thank you again Chair for giving me the opportunity to present this report to the fourth session of this Commission. I will be happy to answer questions that you might have on my report.

Investment, Enterprise and Development Commission 4th session ITEM3 (b) Report of IGE-ISAR



Jim Osayande Obazee
Chairman of the 29th session of ISAR
26 November 2012
Geneva

UNCTAD-ISAR

- *The 28th session of ISAR*
 - Discussions focused on the further development of the **measurement methodology** of the Accountancy development tool (ADT).
 - **4 Round tables** took place in Brazil, Croatia, South Africa and Vietnam in order to test the usefulness of the questions contained in this tool.
 - Other topics discussed were: developments on integrated reporting and climate change, as well as corporate governance disclosure

UNCTAD-ISAR

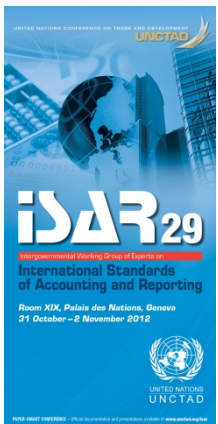
- The *29th session of ISAR*
 - The main agenda dealt with with the **regulatory and institutional** foundations for high-quality corporate reporting.
 - Results from **9 pilot-tests** of the ADT conducted in Brazil, China, Côte d'Ivoire, Croatia, Mexico, the Netherlands, the Russian Federation, South Africa, and Vietnam were presented.
 - Two additional topics were considered: sustainability reporting and corporate governance disclosure.

**Michel Prada, Chairman
Board of Trustees of the International Financial Reporting Standards (IFRS)
Foundation**



ISAR 29

Regulatory and institutional foundations for high quality corporate reporting



Accountancy Development Tool

- The ADT is integrated by:
 - Accountancy development framework
 - Assessment questionnaire
 - Assessment methodology
- ADT's objectives are:
 - To facilitate assessing and benchmarking and progress in capacity building.
 - To assist policy-makers in identifying priority areas for further capacity-building and technical assistance.

ADT on-line questionnaire



Accounting Development Tool

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



Home > Questionnaire

- ▶ ABOUT THE QUESTIONNAIRE
- ▶ QUESTIONNAIRE
- ▶ QUESTIONNAIRE RESULTS

PILLAR A LEGAL AND REGULATORY FRAMEWORK

Indicator A.1
Financial reporting and disclosure

Indicator A.2
Audit

Indicator A.3
Environmental, social and governance
reporting

Indicator A.4
Corporate reporting requirements:
enforcement, monitoring of
implementation and compliance

Indicator A.5
Licensing of auditors

Indicator A.6
Corporate governance

Indicator A.7
Ethics

Indicator A.8
Investigation, discipline and appeals

PILLAR B
INSTITUTIONAL FRAMEWORK

PILLAR C
HUMAN CAPACITY

PILLAR D
CAPACITY-BUILDING PROCESS

ADDENDUM

Pillar A - Legal and regulatory framework

Indicator A.1 - Financial reporting and disclosure

Question 8

Does the national regulatory frame work for listed companies and other public-interest entities cover the following aspects in accordance with the current version of IFRS issued by IASB?

8.1 Conceptual framework

Yes No

8.2 Share-based payment

Yes No

8.3 Business combinations

Yes No

8.4 Insurance contracts

Yes No

8.5 Non-current assets held for sale and discontinued operations

Yes No

8.6 Exploration for and evaluation of mineral resources

Yes No

8.7 Financial instruments: recognition and measurement

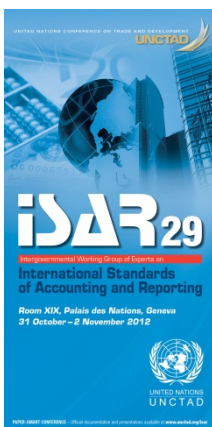
Yes No

8.8 Financial instruments: presentation and disclosure

Yes No

8.9 Operating segments

Yes No



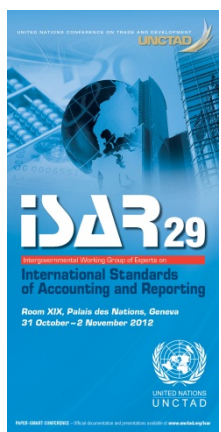
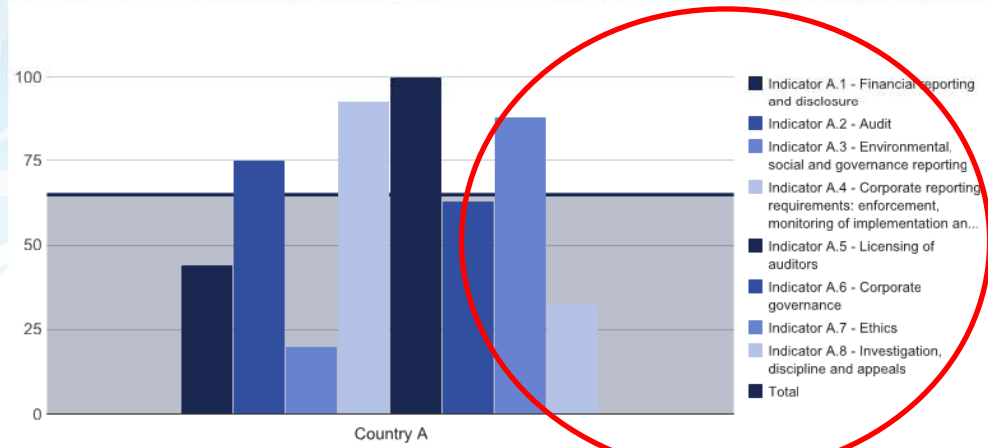
ADT on-line indicators

Home > Questionnaire Results

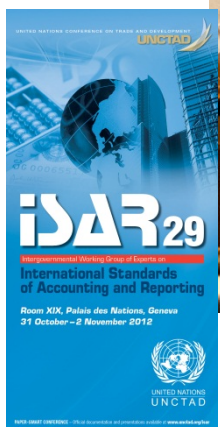
- ▶ ABOUT THE QUESTIONNAIRE
- ▶ QUESTIONNAIRE
- ▶ QUESTIONNAIRE RESULTS

Questionnaire Results

Pillar Filter:
 Pillar A - Legal and regulatory framework
 Country Filter:
 Choose a value...



Sharing results at ISAR 29



CSR issues



"We have achieved much in the last few years,
but there is still very much more to do.
ISAR's support is very important to us for that purpose."

Mr. Michel Prada
Chairman,
Board of Trustees of the International Financial
Reporting Standards (IFRS) Foundation

Palais des Nations, Geneva
31 October - 2 November 2012

M. PRADA