Distinguished Delegates,
Ladies and Gentlemen,

It gives me great pleasure to welcome you to the twenty-ninth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. UNCTAD is honoured to service this long-standing forum dedicated to strengthening corporate reporting, especially in developing countries. Member States recognized the importance of accounting and corporate reporting for development three decades ago when, in 1982, they established ISAR. Your work here today continues this long-standing mission: to foster investment and stability by improving corporate accounting and reporting.

As the recent financial crisis showed, opaque corporate reporting practices can have wide-ranging consequences not just for individual firms but the entire global financial system. Good reporting is therefore a key foundation of transparent markets and a healthy economy. This is why this year’s main agenda item addresses the regulatory and institutional framework for high-quality corporate reporting.

Corporate reporting depends on the wider infrastructure that supports, guides and facilitates good reporting. Today, many developing
countries lack some of the fundamental aspects of an accounting infrastructure. Institutional requirements, regulatory requirements and human resource requirements go un-met. Unfortunately, it is the case that there are more certified accountants in this room today than there are in some least developed countries. The resulting negative impact on transparency puts a brake on the attraction of investment and the promotion of growth in many of these countries.

Yet, while many developing countries struggle to meet basic requirements, the international accounting world is rapidly moving forward. From the perspective of corporate reporting, one of the defining characteristics of the past two decades has been the proliferation of international standards and codes in accounting, auditing, professional training, and on the disclosure of environmental, social and governance information.

This rapid pace of change is not likely to slow down in the coming years. More than 120 countries and jurisdictions already require or permit their enterprises to prepare financial statements in accordance with the International Financial Reporting Standards (IFRS). Most of those countries have a well-developed regulatory and institutional infrastructure for accounting. However, many poorer countries lack the basic prerequisites and capacity to keep up with the rapidly evolving global accounting environment.

An accounting infrastructure is a complex set of institutions and regulatory requirements. Creating a ‘road map’ for building capacity in this area can be an equally complex task. This working group has been tackling the question for the last three years. I was a witness to the success of this work last April in Doha, Qatar, at UNCTAD’s thirteenth
quadrennial meeting. One of the highlights of that event was a high-level meeting on accounting and reporting that presented the work of ISAR; and more specifically, the launch of the Accounting Development Toolkit.

The Toolkit is a practical response to the needs of member States. It addresses the full range of accounting and reporting issues in a systematic way, and sets priorities for policymakers for strengthening and further developing their accounting infrastructure. It also seeks to foster stronger ties among local stakeholders, bringing together regulators from different bodies, along with professional accounting bodies, academia and other key players. And it puts emphasis on key practical steps: the measurement of existing accounting infrastructure, establishing a dialogue on how to address priority areas, and the engagement of technical assistance to achieve concrete outcomes.

UNCTAD's Accounting Development Toolkit will greatly facilitate the work of donors and beneficiary countries in identifying capacity needs, and prioritizing and developing work programmes to address them. Since the last ISAR session, nine countries have pilot-tested this toolkit: Brazil, China, Côte d’Ivoire, Croatia, Mexico, South Africa, the Netherlands, Russia and Vietnam. You will hear the results of these studies during this year’s meeting. Having spoken already with some of these pilot countries, I am impressed with the reported positive impact of the tool. I therefore encourage all of you to engage with the UNCTAD secretariat on how you can use and improve the tool in your own countries.

Improving accounting and reporting capabilities in developing and transition economies is not only important for their own development. As
the economic weight of these countries grows, and as they increasingly integrate with the global economy, strengthening their capacity to produce high-quality corporate reporting becomes ever more important systemically. Thus, building accounting infrastructure remains an important and mutually beneficial area for development partners: by contributing to the development of accounting infrastructure in less developed countries today, donors can play a role in securing a more transparent and stable world economy for themselves in the future.

Ladies and Gentlemen,

Accounting and reporting also play an important role in addressing many environmental, social and corporate governance issues. For example, an important element in promoting green growth strategies is accurate and comparable corporate reporting on emissions and other environmental impacts. What we measure affects what we do, and if our measurement is flawed, our decisions will be ill informed.

Member States at UNCTAD XIII in Doha recognized this, observing that “The protection and preservation of our common environment, including addressing climate change, is a major global challenge.”¹ At the Rio+20 United Nations Conference on Sustainable Development this past June, member States again reiterated “the importance of corporate sustainability reporting”², in the context of sustainable economic growth; they called on the UN to assist industry, interested governments and relevant stakeholders to develop models for best practice and to facilitate action. Member States, in particular, called

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¹ Doha Manar, paragraph 10.
attention to the need for capacity building in developing countries in this area.

ISAR has long been a pioneer in capacity building for corporate and sustainability reporting, and today this body is perhaps the most suitably equipped to answer the call of member States. Indeed, on your agenda today you placed the examination of current practices in sustainability reporting. The UN system looks to experts like yourselves to help implement the vision of Member States articulated in Rio this past June.

Ladies and Gentlemen,

During this meeting, you will also hear a new country case study on corporate governance disclosure, and the follow-up from one of last year’s studies. This adds to UNCTAD’s growing body of work in the area – work that has become instrumental in the capacity building efforts of countries as regards corporate governance. I encourage all of you to consider working with us to conduct such corporate governance studies in your countries, as part of your broader accounting development work with UNCTAD.

Let me stop here and wish you successful deliberations. I look forward to the outcome of your meeting.

Thank you.

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