

**30<sup>th</sup> session of UNCTAD's  
Intergovernmental Working Group of Experts on International  
Standards of Accounting and Reporting (ISAR)**

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**Introductory remarks**

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

Excellencies,  
Distinguished delegates,  
Ladies and gentlemen,

It is an honour for me to briefly introduce the two substantive agenda items of the thirtieth anniversary session of ISAR. As the Secretary-General mentioned, this working group has a well-established history and is often held as a good example for other United Nations working groups. For three decades, it has been an inclusive and effective forum: inclusive due to its universal membership; effective thanks to its pragmatic contributions to the areas of financial accounting and reporting, as well as environmental, social and corporate governance disclosure.

As the Secretary-General highlighted, accounting and reporting standards play an important role in guiding international finance, promoting economic stability at the corporate, national and international levels, and providing investors and policymakers the data they need to make informed decisions. Financial markets across the world have suffered from a series of crises that was in part caused by failures related to disclosure and reporting. The harmonization of corporate reporting practices has become ever more necessary, a key component to reforming the international financial architecture. Consequently, the need for meaningful, reliable and comparable reporting, including financial and non-financial information, has never been greater.

Too often, accounting and reporting issues are overlooked by international efforts to promote investment and sustainable development. Investors demand high-quality financial and non-financial information, but many countries struggle to provide such corporate reporting infrastructure. UNCTAD's work with ISAR has significantly broadened and deepened our understanding of what is an enabling environment for investment promotion and enterprise development. We understand the critical role ISAR plays in building stronger systems of corporate transparency.

### **Capacity Building**

Building stronger accounting and reporting capacity in developing countries takes on a new priority as more of the world's foreign direct investment moves into these countries. As revealed in our 2013 World Investment Report, for the first time ever, developing countries absorbed more foreign direct investment (FDI) than developed countries - accounting for 52% of global FDI flows in 2012. Our latest global investment trends monitor, just published, shows that this divergence is increasing: in the first half of 2013, flows to developing and transition economies accounted for almost two thirds of global FDI flows - another record share.

With the rise in FDI flows to developing country markets, governments and local firms find themselves under pressure to meet the demands of international investors for high-quality corporate reporting in accordance with international standards. This is particularly important for supporting the creation of strong linkages between domestic firms and large transnational corporations (TNCs), including through the integration of domestic firms into the global value chains of TNCs. To ensure that developing countries continue to attract larger FDI flows, which in turn contribute to their development goals, they require a well-functioned accountancy infrastructure that can meet international standards and the demands of investors, including TNCs. This entails building and strengthening their institutional and technical capacity for high quality corporate reporting.

Over the years, ISAR has contributed to achieving this objective, including through the development of a number of guidance documents on the implementation of international best practices, benchmarks, standards and codes in the area of accounting and reporting. More recently, UNCTAD's Accountancy Development Tool, developed by ISAR, is another important practical means that supports countries in building accountancy infrastructure.

Tomorrow, we will hear from seven countries across Africa, Europe and Latin America who have used this Tool. They will share with us the key lessons that they have learned and the common challenges that many countries face.

Excellencies and Distinguished delegates,

### **Sustainability Reporting**

Today's high-level discussions will also address the contribution of the accounting profession to the global challenge of sustainable development and inclusive growth. As the Secretary-General mentioned, the Sustainable Development Goals (SDGs) and the post-2015 agenda loom large on the horizon for UN member States. Whatever their final form, the SDGs will require significant investment and contributions from enterprises to help make them a reality. Measuring the contribution of companies to sustainable development has become an important objective for many in the accounting community.

ISAR has been contributing to the area of sustainability reporting for more than two decades. More recently, this body has been working on new guidance for stock exchanges and regulators on sustainability reporting initiatives. This topic is covered in part by UNCTAD's background paper to this meeting on 'Best practice guidance for policymakers and stock exchanges on sustainability reporting initiatives'.

UNCTAD works with a number of exchanges, through its Sustainable Stock Exchanges initiative, from large global exchanges such as the New York Stock Exchange and NASDAQ to major regional exchanges like the Nigerian Stock Exchange and Istanbul Stock Exchange. Just last week, I was invited to speak at the World Federation of Exchanges annual meeting, where sustainable development is an increasingly important concern. I had the privilege to meet with a number of stock exchange leaders. In my conversations with the CEOs of stock exchanges, it is clear that many of them are looking to promote improved sustainability reporting among their listed companies. Bodies like ISAR can play an important role, providing much needed guidance on policy practices and capacity building in this area. And as we can see from ISAR's thirty year experience, forums like this can do much to promote the sharing of country experiences and best practices.

Excellencies,  
Distinguished delegates,  
Ladies and gentlemen,

For thirty years, ISAR has been an important intersection point for policymakers, standard setters, accounting professionals, investors and companies. We hope that ISAR – using this inclusive and pragmatic approach – will continue to make strong practical contributions to the development of sound policies in the area of accounting and reporting.

Thank you.