
**Intergovernmental Working Group of Experts on
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(ISAR)**

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Morning Session

**Regulatory and institutional foundations for high-quality
corporate reporting**

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The World Bank Centre for Financial Reporting Reform



Regulatory and institutional foundations for high-quality corporate reporting

perspectives and examples

Liam Coughlan, World Bank

UNCTAD ISAR 29th Session Panel 31st October 2012

- ***Objectives and outline of presentation***
 - WB Financial Management Strategy and CFRR activities in supporting these goals (by example)
 - Challenges in building national mechanisms to support consistent application of international standards
 - Role for international institutions to address gaps in regulatory and institutional settings at national level

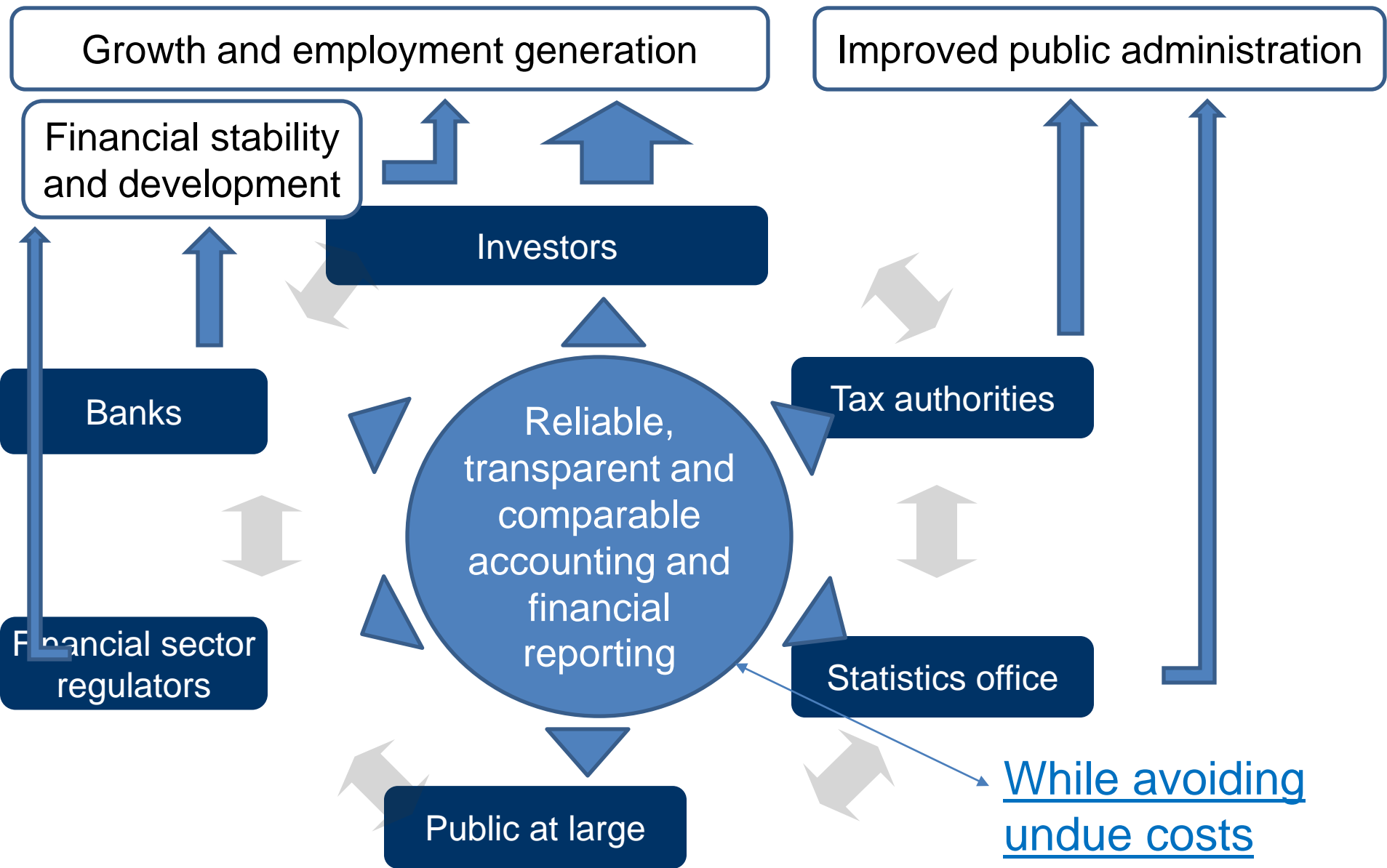
- WB global mission is to *combat poverty* with passion and professionalism.
- FM a critical component of our work:
 - Developing CFR (*economic growth, competitiveness*)
 - Fiduciary (*reasonable assurance on use of WB funds*)
 - Developing country FM systems (*fiscal stability*)
- These areas connected, but each involves distinct set of issues
- Money alone will not solve development and reform challenges: partnerships critical

- Financial and economic crisis – **scarce resources** to support CFR reform efforts
- Yet the crisis has produced responses focusing on more regional/global **approaches**, greater **rigor** and improved **support systems**
- Yet **not all** challenges in CFR can be solved with money alone
- Leverage, partnership, collaboration, cooperation and ownership **more important than ever** for partner countries in implementing reforms
- PAOs (public interest) offer **sustainability**



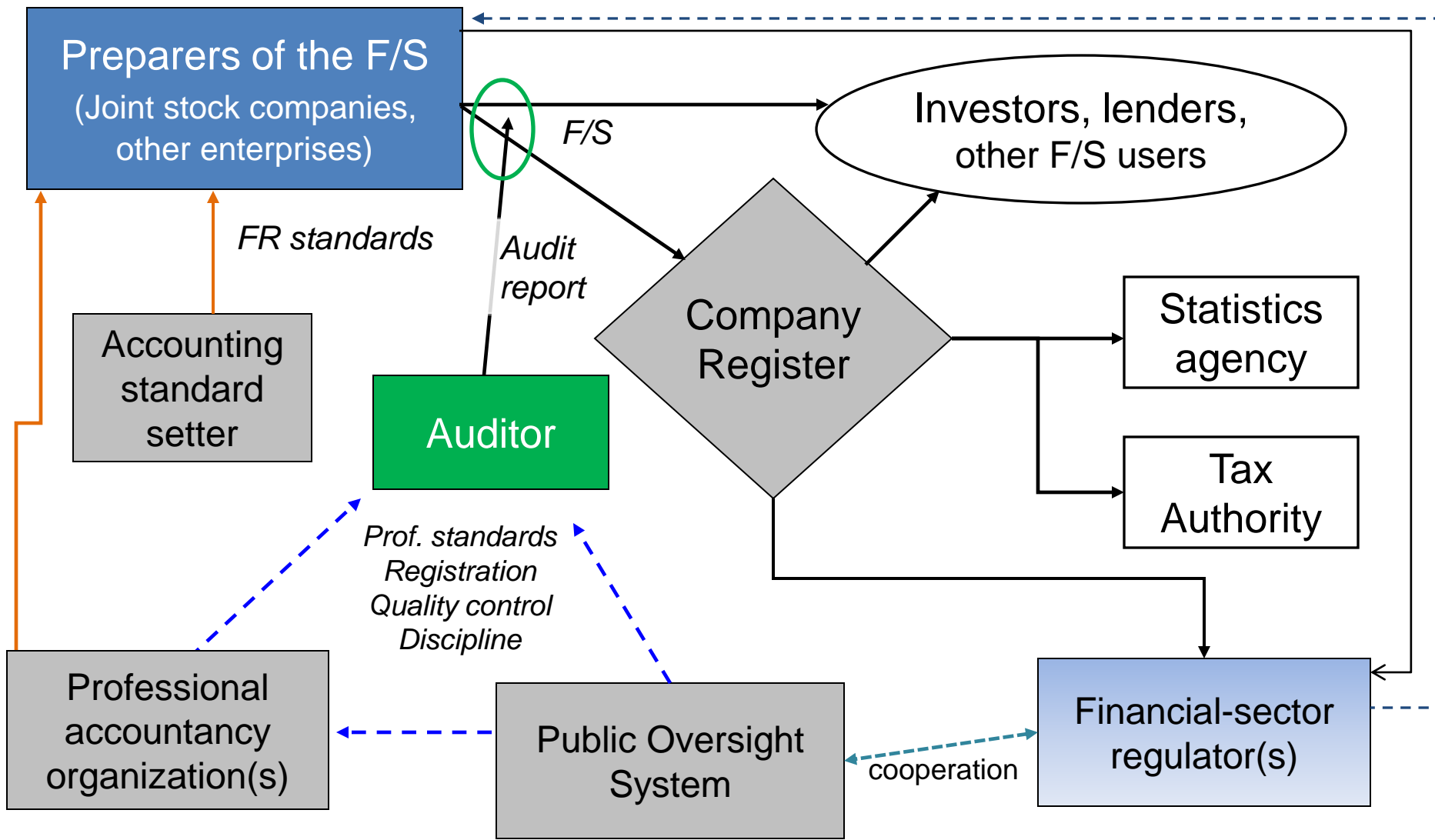
World Bank CFR activities – examples from Europe/Central Asia region

- 1. *Vienna CFRR focuses on Corporate Financial Reporting Reforms***, from development and transposition (REPARIS) to effective implementation (FRTAP) and new pipeline FBS initiatives in cooperation with EC and bilateral donors.
- 2. *Holistic approach emphasized***: CFR relevant to sustainable, inclusive economic integration with European, ENA and global economy
- 3. *Underpinned*** by globally recognized analytical work (such as ROSC A&A)
- 4. *Delivered in partnership*** peer and shared learning, mutually supporting goals (e.g. IASB)





Challenges - implementation



---> Regulation / oversight

- Language: not all stakeholders *even within same countries* necessarily speak with the same voice
- Efficient *policy instruments* (laws)
- Effective *institutional arrangements*
- Adequate demonstrated *ownership*
- Sufficient *human capacity* to make systems work
- Regulatory *co-ordination* and *co-operation*
- *Fragmentation* – within stakeholder groups
- Resources

- **CFR matters** for economic development, job creation, fiscal and financial stability. Communication of this message is vital.
- **Need for real support** (financial and human) for effective public oversight, primarily from stakeholders
- **QA needed for credibility** of all audit and assurance/public interest work
- **International recognition** needed for the whole system of CFR
- **Stakeholders cannot wait on the sidelines**, or promote the vested interest over the public interest
- **Global repository** of lessons learned, successes achieved, approaches tried and tested and goodwill, opportunities for cooperation, collaboration and leverages may be exploited further



Final thoughts

- ***International organizations*** have excelled at identifying problems, challenges and opportunities
- ***Move to delivering solutions*** that are relevant, tailored, inclusive, holistic and achieve goals of CFR
- ***MOSAIC an example*** of donor and IFAC commitment to goals of CFR reforms, and *requires all* to speak to needs of country, and contribution to economic goals
- ***UNCTAD ADT*** needs to find its space, with *clarity of purpose, method, outputs and benefits*
- **CFRR** pleased to work with partners here to explore ways in which WB experience may contribute towards further development of the goals of UNCTAD-ADT.



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