

*Introductory remarks by Tatiana Krylova, Head, Enterprise
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Experts on International Standards of Accounting and Reporting
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Distinguished Delegates,
Ladies and Gentlemen:

It is my privilege to welcome all of you to the twenty-ninth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR).

As agreed at the previous 28 session of ISAR this year's programme addressed issues such as the regulatory and institutional foundations for corporate reporting; sustainability reporting; corporate governance disclosure and updates by regional and other international organizations.

Agenda item 3 of this year's programme - main agenda item - deals with regulatory and institutional foundations for high-quality corporate reporting. It highlights key issues and challenges that need to be considered in developing and strengthening a sound accounting architecture at national and international levels. To facilitate discussions

on this matter UNCTAD secretariat has prepared a background Issue note (TD/B/C.II/ISAR/63).

Among other issues the paper highlights such main trends in the area of regulatory and institutional developments as:

- Continued process of convergence towards a single set of high-quality global standards;
- With an increased focus on institutional aspects of the process, as well as on enforcement, implementation and monitoring of compliance;
- Increased role of state regulators;
- Better coordination among stakeholders, including at all levels: international, national and in particular at a regional level;
- More attention towards non-financial disclosure.

The Issue note also outlines major challenges of the process of creating and strengthening regulatory and institutional foundations for high quality corporate reporting. In particular, it highlights the following aspects (slide 3):

- Further improvement of communication and coordination among all main stakeholders at different levels;
- Enhancement of involvement of developing countries and economies in transition;

- Strengthening institutional foundations for consistent implementation of international pronouncements;
- Development of national expertise in enforcement, monitoring of compliance, investigation and discipline;
- Development of guidance in order to assist countries in building/strengthening regulatory and institutional foundations that would enable them to meet requirements for high-quality corporate reporting;
- Better integration of non-financial and sustainability reporting into accounting development policies;
- Need for resources to ensure adequate quality and sustainability of regulatory and institutional foundations;
- Develop systems to better benchmark, measure and monitor progress in a consistent manner.

As agreed at the 28th session of ISAR, during the inter-sessional period UNCTAD Secretariat conducted pilot tests of the Accountancy Development Toolkit (ADT) in nine countries from different regions of the world. The ADT is a product that has been developed by ISAR over the last 3 years:

- Background: member states at the 27th ISAR session requested UNCTAD to develop a measurement methodology for capacity building in accountancy, and to test it in pilot countries;
- Objective: to assist policy makers in achieving high-quality corporate reporting, including through an integrated approach to capacity-building in this area, in measuring the progress in a consistent and comparative manner;
- Methodology: quantitative indicators and international benchmarks for 3 pillars: i.e. regulatory, institutional and human capacity;
- Due process: coordination with other stakeholders (CG), pilot tests in 9 countries; national consensus combined with international peer reviews;
- Outcomes so far: positive feedback on the usefulness of the exercise, valuable suggestions on the questionnaire and due process improvements, consideration of results for national reforms and action plans; useful data on good practices and challenges in the area of harmonization of corporate reporting;
- Reported benefits: better awareness of international benchmarks in the financial and non-financial areas, enhanced stakeholder dialogue and consensus building, better understanding of priorities, basis for a comprehensive approach towards a long-term action plan development and capacity building, better coordination with other programmes.

Feedback, lessons learned and outcomes from these pilot tests will be also debated at the session with a focus on its two pillars: regulatory and institutional foundations.

During today and tomorrow, there will be four panel discussions on agenda item 3. The first panel will discuss recent developments in the regulatory and institutional aspects of high-quality corporate reporting. Panellists will examine key challenges in establishing robust regulatory and institutional structures that support high quality reporting at the international level. In addition, speakers will address issues related to the creation of national processes required to ensure consistent implementation of corporate requirements and will discuss the role of international bodies in facilitating the establishment of such mechanisms. In the second panel representatives of countries where pilot tests took place will provide their comments on the usefulness of the assessment tool, proposed approach and issues raised during the debates. The third panel will present regulator and practitioner's views on regulatory and institutional arrangements at the national level. In particular, speakers will concentrate on effective implementation and enforcement of international requirements to support high-quality corporate reporting and will share some good practices in this respect.

The last panel discussing agenda item 3 will provide the perspective of academia, professional bodies and other stakeholders who participated in the peer review process of the ADT pilot tests. Speakers will share their views on core issues that require attention in order to reinforce regulatory and institutional foundations at the national level. This will include their feedback as peer reviewers on the approaches towards assessing these pillars of a sound accounting infrastructure.

We look forward to thoughtful and productive discussions on issues of the regulatory and institutional foundation for high quality corporate reporting. In this regard, we would like to highlight some of main aspects to be addressed among other issues:

- What are major regulatory and institutional trends and development at an international level and how they would affect national jurisdictions?
- What major challenges do national regulators face in developing and implementing regulatory and institutional requirements for high-quality corporate reporting?
- How to ensure a consistent application of international standards and requirements around the world? How to assess it?
- How to ensure an ongoing coordination between the government agencies, non-government standard-setters, professional bodies, academia and other major stakeholders in the process of building regulatory and institutional capacity for high quality corporate reporting?
- What are main regulatory and institutional challenges for public-sector reporting and small and medium-sized enterprises?
- What kind of support with regard to corporate reporting would national regulators welcome from international standard-setters and other international bodies?
- How UNCTAD and the ADT can further help to address regulatory and institutional issues in developing countries and economies in transition?

I would like to thank you for your attendance, encourage your active participation and wish you a very productive discussion.