Trade and Development Board  
Investment, Enterprise and Development Commission  
Intergovernmental Working Group of Experts on  
International Standards of Accounting and Reporting  
Thirty-ninth session  
Geneva, 1–3 November 2022


Held at the Palais des Nations, Geneva, from 1 to 3 November 2022
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Introduction

The thirty-ninth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting was held from 1 to 3 November 2022 at the Palais des Nations in Geneva, with physical and remote participation.

I. Agreed conclusions

A. Good practices in and approaches to the practical implementation of sustainability reporting requirements
   (Agenda item 3)

   The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

   Recognizing the importance of reliable and globally comparable disclosures on the financial and sustainability performance of entities in the allocation of resources in ways that are consistent with the achievement of the Sustainable Development Goals,

   Welcoming efforts made worldwide to strengthen sustainability reporting standards, noting in particular progress by the International Sustainability Standards Board,

   Underscoring the need for significant preparations in member States, particularly in developing countries, with regard to regulatory, institutional and human capacity, to support the implementation of sustainability reporting standards, as well as the need for technical assistance for this purpose in many countries,

   Recalling the UNCTAD mandate to advance its work on international standards of accounting and reporting, as articulated in the Bridgetown Covenant,

   1. Expresses its satisfaction with the work conducted by the UNCTAD secretariat during the intersessional period, in collaboration with the consultative group, on reviewing recent developments in sustainability and Goals-related reporting and identifying good practices and lessons learned, as presented in the background document prepared for the session (TD/B/C.II/ISAR/101); and encourages the secretariat to widely disseminate the resulting guidance;

   2. Reiterates the positive impact of the Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals in promoting the harmonization of reporting standards on sustainability issues in alignment with the 2030 Agenda for Sustainable Development, as well as its important function as a capacity-building tool for the strengthening of national sustainability reporting frameworks, particularly for small and medium-sized enterprises;

   3. Welcomes with appreciation the publication of an updated version of the Guidance on Core Indicators based on deliberations during its thirty-eighth session and consultations during the intersessional period; and encourages the UNCTAD secretariat to widely disseminate this publication and its associated capacity-building and electronic learning tools;

   4. Expresses its appreciation for the consultations organized by the UNCTAD secretariat to formulate comments on the exposure drafts issued by the International Sustainability Standards Board, in line with the request made at its thirty-eighth session; and calls upon the secretariat to continue to convey the views of members of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting to the International Sustainability Standards Board and to explore ways to collaborate with the Board for the purpose of supporting capacity-building and the strengthening of sustainability reporting infrastructures in developing countries;

   5. Calls upon the UNCTAD secretariat to stay abreast of deliberations by the International Public Sector Accounting Standards Board on the development of
sustainability reporting standards for public sector entities, including by convening, as
neneeded, consultative groups and by, as appropriate, conveying to the Board the views of
members of the Intergovernmental Working Group of Experts on International Standards of
Accounting and Reporting;

6. **Encourages** the UNCTAD secretariat to continue to cooperate with relevant United
Nations agencies and other institutions on sustainability reporting in general and on
measuring the contribution of the private sector to the achievement of the Sustainable
Development Goals in particular;

7. **Commends** the UNCTAD secretariat for the extensive work conducted during the
intersessional period to support regional efforts and build partnerships in Africa and Latin
America aimed at promoting a common approach to sustainability reporting; in this context,
welcomes the initiative by the secretariat to develop a brief guide to establishing such
partnerships and maximizing their benefits; encourages other regions to form such
partnerships; and calls upon the secretariat to provide the relevant support;

8. **Calls upon** the UNCTAD secretariat to continue to identify lessons learned and best
practices in strengthening national sustainability reporting infrastructures, with a view to
providing member States with practical guidance on this topic; and notes that regional
partnerships can play an important role in this process.

3 November 2022

B. **Review of practical implementation of international standards of
accounting and reporting in the private and public sectors**
(Agenda item 4)

_The Intergovernmental Working Group of Experts on International Standards of
Accounting and Reporting,_

**Recognizing** that high-quality corporate reporting on the performance and financial
standing of businesses facilitates investment flows,

**Aware** that high-quality accounting and reporting by public sector entities promotes
good governance and supports solid financial management,

**Also aware** that private and public sector entities worldwide have been in the
process of implementing the international financial reporting standards and the international
public sector accounting standards,

1. **Commends** the UNCTAD secretariat for organizing informative panel discussions on
the topic and for the quality of the background document prepared for the session
(TD/B/C.II/ISAR/102);

2. **Requests** the UNCTAD secretariat to continue to conduct periodic reviews of the
implementation of the international financial reporting standards and the international
public sector accounting standards; and to identify practical implementation challenges that
developing countries encounter and facilitate the sharing of good practices in addressing
such challenges.

3 November 2022

C. **Other business**
(Agenda item 5)

_The Intergovernmental Working Group of Experts on International Standards of
Accounting and Reporting,_

**Taking into consideration** the recent review of the work of subsidiary bodies of the
Economic and Social Council and the recommendation that subsidiary bodies dedicate
special attention to targets on gender equality contained in Sustainable Development Goal 5
and other Sustainable Development Goals that fall within their purview,
Welcoming the further progress made by member States in implementing the UNCTAD Accounting Development Tool,

Recognizing the usefulness of the Accounting Development Tool in effectively assessing national regulatory, institutional and human capacity foundations for high-quality reporting, the development of action plans and capacity-building initiatives to strengthen the financial and sustainability reporting environment,

Acknowledging the benefits of applying the Accounting Development Tool in a modular manner, to focus on particular national objectives, including to assess the needs of microenterprises and small and medium-sized enterprises and to facilitate the formalization of businesses in the informal sector,

Promoting gender balance in the accountancy profession

1. Expresses its appreciation for the initial scoping work conducted by the UNCTAD secretariat, exploring the feasibility of an assessment of gender balance in the accountancy profession;

2. Calls upon the UNCTAD secretariat to continue to conduct further research on this issue, with a view to gaining a more in-depth understanding of the status of gender equality and relevant policy practices, and to present findings at a future session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting;

Insights from recent implementation of the Accounting Development Tool

3. Requests the UNCTAD secretariat to continue to update the Accounting Development Tool, including by incorporating lessons learned and by widening the scope of the public sector component, to make it more comprehensive;

4. Encourages the UNCTAD secretariat to facilitate further applications of the Accounting Development Tool based on requests by member States; and invites donors in a position to do so to support the secretariat in this endeavour.

3 November 2022

II. Chair’s summary

A. Opening plenary meeting

1. In her opening remarks, the Secretary-General of UNCTAD stated that sustainability reporting was the basis of sustainable investment. Reliable and comparable data, including on greenhouse gas emissions, were key to facilitating the mobilization of funds for investment in achieving the Sustainable Development Goals. The Secretary-General highlighted the trend towards mandatory sustainability reporting for listed companies and the consolidation of pre-existing standards under the International Sustainability Standards Board. In addition, UNCTAD, in World Investment Report 2022, had analysed over 300 sustainable finance policy measures and regulations in force by end-2021, and found that the majority represented sustainability disclosure and sector-specific measures, mostly applicable to large corporations and financial institutions. The Secretary-General noted the risk that additional complexities and new requirements could lead to challenges in developing countries with weaker accounting and reporting infrastructures. She emphasized that, although global sustainability requirements focused at present on listed companies, small and medium-sized enterprises, which represented the majority of companies in developing countries, would be affected by spillover effects. The Secretary-General stated that the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting should identify the challenges faced in developing countries in implementing sustainability reporting standards and requirements and assist them in overcoming such challenges, and emphasized the continued need for the Intergovernmental Working Group of Experts to communicate the concerns of developing countries to global standard-setting bodies. She noted the regional partnerships established in Africa and Latin
America to deal with such issues on the ground and that work to establish a regional partnership in Asia was ongoing. In addition, with regard to sustainability reporting, UNCTAD was expanding its toolkit and preparing a policy guide on how to address challenges at the national level. Finally, the Secretary-General stressed the importance of finding ways to overcome remaining barriers to the further adoption of international reporting standards in the public sector and to progress with regard to gender equality in the accounting profession and standard-setting bodies.

2. In his introductory remarks, the Director of the Division on Investment and Enterprise of UNCTAD highlighted that the global sustainability imperative clearly accelerated the momentum for sustainable finance and investment, indicating that, in 2021, the value of sustainability-themed products in global capital markets had increased by over 60 per cent, to $5.2 trillion. The Director highlighted that the investment community faced major challenges in scaling-up, rebalancing and addressing fragmented regulations. He stated that the growth of sustainability finance needed further acceleration, as financing and investments remained limited mainly in advanced countries and the renewable energy sector, and that the proliferation of private standards needed further consolidation. In this regard, UNCTAD had launched several initiatives, including the Sustainable Stock Exchanges Initiative and a global sustainable finance observatory. Finally, the Director indicated that UNCTAD was working with the Intergovernmental Working Group of Experts to facilitate the exchange of best practices through several forums, establish regional partnerships and partner with global standard setters.

High-level panel on recent developments in financial and sustainability reporting requirements and related standard-setting developments and their implications for practical implementation

3. The high-level panel featured experts from the following entities: European Financial Reporting Advisory Group; International Public Sector Accounting Standards Board; International Ethics Standards Board for Accountants; and International Auditing and Assurance Standards Board.

4. The first panellist stated that the European Financial Reporting Advisory Group had begun work on sustainability reporting following preparation of an action plan by the European Commission; in 2020, the Group had been mandated by the Commission to develop European sustainability reporting standards, which would be mandatory for a wide range of companies, including new and small listed companies. The panellist emphasized that the Group was not a standard-setting body but served as a technical adviser to the European Commission. In addition, the Group had created a new civil society chapter in its general assembly, aimed at bringing stakeholders together. Finally, the panellist noted that the Group would deliver the first set of standards to the Commission in a few weeks and that the Commission would issue the first set of standards by June 2023. The Group was working on a second set of sustainability reporting standards, as well as guidance for non-listed small and medium-sized enterprises.

5. The second panellist highlighted a consultation paper published by the International Public Sector Accounting Standards Board on developing guidance on the recognition, measurement, presentation and disclosure of natural resources in the public sector. In addition, the Board aimed to publish a new exposure draft to provide guidance related to reporting on services performance and on the long-term financial sustainability of public sector entities. Following an invitation from the World Bank, the Board had launched a global consultation process on developing a framework for sustainability reporting by public sector institutions. Finally, the panellist stressed the need for partnerships, to align approaches to the implementation of sustainability reporting in the public sector.

6. The third panellist highlighted that sustainability reporting was important and that existing proposals on such reporting needed to be consolidated. She stressed the importance of high-quality data, as sustainability reporting had a high level of narrative information, which required ethical behaviour and principles. The panellist underscored the need for audit and assurance standards, technology and education, as well as a code of ethics. For example, in Brazil, sustainability information in integrated reporting was mandatory for
entities in the public sector and a governance structure had been established to adopt International Sustainability Standards Board standards in national regulation.

7. The fourth panellist noted that the International Auditing and Assurance Standards Board issued international standards on assurance covering all assurance engagements, except historical financial information, and detailed an ongoing project with regard to the standard on sustainability assurance. The Board had revised the standard on assurance engagement and, in 2021, had issued guidance on applying the standard with regard to sustainability and other external reporting assurance engagements. Finally, the panellist noted that, to avoid fragmentation in assurance standards, the Board had approved a project proposal to develop an overarching standard on sustainability assurance.

8. During the ensuing discussion, with regard to a query on the adoption of sustainability reporting standards in the European Union rather than the adoption of those developed by the International Sustainability Standards Board, one panellist noted that the Board had not yet been established when the European Financial Reporting Advisory Group had begun its work and that the Group and the Board were engaged in discussions aimed at making standards developed by each entity interoperable, to make it possible for companies applying standards under the European Union to also be in compliance with the standards issued by the Board. In response to a query on whether there was a need to revise the United Nations Goals-related indicators in order to align them with emerging global sustainability reporting standards, one panellist highlighted that the Goals-related indicators were aimed at measuring the contribution of all parties to the achievement of the Goals and were not limited to the private sector, which would apply global sustainability reporting standards.

B. Good practices in and approaches to the practical implementation of sustainability reporting requirements
(Argument item 3)

9. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting considered the “Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals”, as contained in document TD/B/C.II/ISAR/101.

10. Introducing the agenda item, the Officer-in-Charge of the Enterprise Branch of the Division on Investment and Enterprise of UNCTAD presented an overview of the main activities in the area of sustainability reporting, including the creation of regional partnerships in Africa and Latin America, support provided in implementing the Accounting Development Tool and Guidance on Core Indicators and the development of a guide on maximizing the positive impacts of the partnerships. Work on establishing a similar partnership in Asia was under way and the Guidance on Core Indicators, intended to assist countries with weak accounting and reporting infrastructures to promote sustainability reporting by enterprises, including small and medium-sized enterprises, had been updated. The Officer-in-Charge discussed interactions by the Intergovernmental Working Group of Experts with key international standard setters. Finally, he highlighted lessons learned in strengthening national sustainability reporting infrastructures.

Panel discussions

11. Two panel discussions were held to discuss the agenda item. The first panel featured experts from the following entities: International Sustainability Standards Board; Ministry of Finance, China; Department of Trade and Industry, South Africa; Global Reporting Initiative; Order of Chartered Accountants, Côte d’Ivoire; and Sustainable Development Goals Impact and Reporting, United Nations Global Compact.

12. The first panellist presented an overview of the objectives of the International Sustainability Standards Board and of its efforts to develop a comprehensive global baseline for sustainability reporting and a digital taxonomy intended to meet the needs of investors, to enable companies to provide comprehensive sustainability information to global capital markets. The panellist noted that the two exposure drafts published by the
Board in 2022 had received widespread interest and feedback from a wide range of stakeholders. Finally, the panellist detailed priorities in ongoing work and next steps in releasing the final standards and supporting their adoption and application worldwide.

13. The second panellist expressed appreciation to UNCTAD for its work in assisting developing countries in implementing sustainability reporting requirements. He highlighted that international sustainability standards needed to be developed by taking into consideration circumstances in developing countries, as such an approach would facilitate adoption worldwide and create fair conditions for implementation. The Ministry of Finance of China had commended the establishment and mission of the International Sustainability Standards Board, and China had joined the jurisdictional working group established by the International Financial Reporting Standards Foundation. Sustainability reports needed to include critical elements, including climate change issues in line with the United Nations Framework Convention on Climate Change. The panellist emphasized the importance of strengthening capacity-building in sustainability disclosures, particularly in developing countries, by providing technical assistance and good practices in the adoption of sustainability reporting requirements and data collection. Finally, he stated that the Ministry of Finance would continue to support the Intergovernmental Working Group of Experts and the International Sustainability Standards Board and to coordinate stakeholders in China in providing inputs to the global standard-setting process on sustainability reporting.

14. The third panellist provided an overview of good practices in and approaches to advancing sustainability practices at both the national and regional levels, highlighting the central role of Governments in implementing sustainability and Goals-related reporting, the importance of cooperation with international organizations, the relevance of capacity-building and the need to identify reliable tools or methods for collecting relevant corporate data. The panellist described a mechanism for the governance of the regional partnership in Africa. In addition, she detailed the features that a sustainability reporting infrastructure should have in order to support small and medium-sized enterprises and stated that a standard reporting format needed to be prescribed; information disclosed with regard to sustainability and the Goals needed to be verified; and clear guidance and tools needed to be provided to such enterprises. Finally, the panellist emphasized that both small and large companies needed to be trained in the same platforms and consider economic dependence, namely, that microenterprises and small and medium-sized enterprises might be dependent on the value chains of large enterprises.

15. The fourth panellist presented good practices in sustainability reporting based on the experiences of about 10,000 companies implementing Global Reporting Initiative standards. Noting that sustainability and Goals-related reporting could work together, he highlighted the Guidance on Core Indicators as an important tool with which to fill the gap in addressing Goals-related reporting. The panellist cited research showing that many large companies were already engaged in sustainability reporting but that uptake by small and medium-sized enterprises was low, and that only 10 per cent of companies reporting on all of the Goals disclosed both positive and negative feedback. In this regard, he noted the need for a balanced representation of results. Finally, the panellist highlighted initiatives developed with contributions from the Global Reporting Initiative, including the following: initiative on sustainability impacts with regard to the Goals, Bangladesh; online tool for small and medium-sized enterprises, Colombia; peer-learning programme, Mexico; environmental programme, New Zealand; and project on business call to action, Peru.

16. The fifth panellist detailed the implementation of sustainability reporting requirements under the Organization for the Harmonization of Corporate Law in Africa. Detailing the social, environmental and economic background in Africa, benchmarked against developed economies, the panellist highlighted the challenges faced in countries and institutions in interpreting developments in relation to circumstances on the ground. The panellist shared the experience of the Organization in taking community-based regulatory decisions, which enabled further implementation through the national legislation of member countries. The panellist stated that non-financial reporting needed to be mandatory, to facilitate disclosures of corporate social responsibility and environmental aspects. With regard to sustainability, the panellist detailed six initiatives introduced by the Organization. Finally, the panellist noted that UNCTAD tools enabled greater
understanding of the different elements of reporting, detailed plans for the further strengthening of cooperation with UNCTAD and stated that more tangible results needed to be delivered under the regional partnership in Africa.

17. The sixth panellist detailed the new communication on progress framework with regard to advancing reporting on the Sustainable Development Goals, aimed at supporting corporate decision-making and facilitating progress in achieving the Goals, and the main features of a new questionnaire aimed at meeting the needs of United Nations Global Compact participants and stakeholders. The new questionnaire was also aligned with the Guidance on Core Indicators. Noting efforts by the European Financial Reporting Advisory Group and the International Sustainability Standards Board to harmonize reporting requirements, the panellist stated that the Global Compact could contribute to enhancing the sustainability reporting infrastructure by addressing greenwashing, increasing capacity to drive corporate transparency together with partners and advocating for the establishment of a global regulatory framework.

18. During the ensuing discussion, a representative from academia detailed a standard and certification project in Canada conducted since 2015, based on the Guidance on Core Indicators, aimed at improving standards for sustainable management, which had helped establish a training programme for companies; and, with regard to a query from one delegate on qualification criteria for the programme, the representative stated that the programme included training for accountants but not auditors. With regard to a query from one delegate on whether the Global Compact framework and the Guidance on Core Indicators would remain applicable following the adoption of a global baseline on sustainability reporting under the International Sustainability Standards Board, one panellist stated that the communication on progress was a reporting framework for companies committed to the ten principles of the Global Compact and not a substitute for the International Sustainability Standards Board standards. With regard to an additional query on ongoing coordination between the Global Compact, the Board and the Intergovernmental Working Group of Experts, the panellist cited examples of existing collaboration. One delegate, noting that it was important to introduce sustainability reporting into the education and training of accountants and to consider differences between countries and take into account individual business environments in developing International Sustainability Standards Board standards, queried how the International Financial Reporting Standards Foundation would process feedback received during open consultations. In this regard, one panellist noted that the Organization for the Harmonization of Corporate Law in Africa aimed to make the international financial reporting standards and the international public sector accounting standards mandatory and another panellist stated that the International Financial Reporting Standards Foundation was considering all feedback received and planned to integrate it in material available online and in related research papers; that the International Sustainability Standards Board had signed a memorandum of understanding with the Global Reporting Initiative that would enable companies to address both sets of standards, to provide a full picture of impacts on all aspects of materiality; and that coordination with the Initiative would also help align terminology and disclosure topics, to reduce the burden on companies. With regard to a query on representation from developing countries, one panellist stated that emerging economies represented around one third of the International Sustainability Standards Board and, with regard to a query on whether collaboration would lead to the merging of standards issued by the Board and the Global Reporting Initiative, another panellist stated that such a merger was not planned at present. With regard to a query on public sector reporting, one panellist noted that there were public sector companies in the Global Compact network but that the focus remained on private companies. A representative from academia, noting that the discussion appeared to emphasize the relevance of the legal enforcement of sustainability reporting standards and that consultative meetings on exposure drafts should also be organized to cover other items as needed, requested clarification on the role of the Global Reporting Initiative. In this regard, one panellist stated that the aim of the memorandum of understanding was to promote harmonization globally. One delegate detailed the standard adoption process in the United Kingdom of Great Britain and Northern Ireland and queried whether International Sustainability Standards Board standards would be subject to thorough testing and due process. Another delegate queried whether relevant information on standards could be included in academic curriculums. In this regard, the secretariat highlighted how tools and
case studies under the Intergovernmental Working Group of Experts took into account capacity-building needs, including at the academic level and in the training of professionals. One delegate noted the need for a tool to understand the reporting capacity of small and medium-sized enterprises, considering sector, size and level of maturity, and proposed the use of a diagnostic tool to clarify the kind of reporting on which an entity should focus. In this regard, one panellist noted that, at present, International Financial Reporting Standards Foundation standards were mainly designed for large companies. One delegate noted that the high number of existing or forthcoming standards could create challenges for countries and companies in understanding which ones to adopt; inquired about coordination between United Nations entities in this area; and, with regard to emerging economy representation on the International Sustainability Standards Board, highlighted the need for the inclusion of the African region. The secretariat noted that work on the Accounting Development Tool and Guidance on Core Indicators was coordinated with other actors and that the latter was not a standard but rather a supporting tool for countries to use in adopting reporting standards. One panellist emphasized that the trustees aimed to ensure balanced representation on the International Sustainability Standards Board and that they intended to mobilize the global South to apply; and noted that different standard setters worked together but that more needed to be done to communicate differences and complementarities. One delegate stated that the International Sustainability Standards Board standards would pose a challenge to companies in the United Kingdom; that it was important to ensure that efforts were directed to supporting the private sector; and that the use of digital taxonomies could help eliminate duplicate requests from various actors and, in this regard, queried whether there would be United Nations support for the development of a digital tool for collecting information, to avoid the duplication of efforts. One panellist expressed agreement that there should be a unified system for collecting corporate data. With regard to a query from one delegate on whether the International Sustainability Standards Board planned to initiate a digital taxonomy and what the impact might be on countries that did not have a taxonomy in place, one panellist noted that the International Financial Reporting Standards Foundation was working on harmonizing standards under one taxonomy.

19. The second panel featured experts from the following entities: Financial Reporting Standards Board, Mexico; Financial Superintendence, Colombia; Permanent Mission of Guatemala to the World Trade Organization; Ernst and Young, Latin America; Institute of Certified Public Accountants, Kenya; Tinyeleti Consulting, South Africa; and Permanent Mission of Cameroon to the United Nations and other international organizations in Geneva.

20. The first panellist presented the experience of the Financial Reporting Standards Board of Mexico in the practical implementation of sustainability reporting requirements. In 2022, a technical advisory committee on sustainability had been established to support the process of issuing new standards related to sustainability and Goals-related disclosures. The standards were based on the Guidance on Core Indicators and would require companies in Mexico, including small and medium-sized enterprises and public entities, to disclose contributions to the achievement of the Goals. Finally, the panellist noted that listed companies would be required to apply International Sustainability Standards Board standards in disclosing risks and opportunities related to environmental, social and governance-related issues.

21. The second panellist shared the experience of the Financial Superintendence of Colombia in implementing environmental, social and governance-related reporting. National research on such reporting showed that the level of disclosures was relatively high compared with other countries, but that reports lacked reliability, standardization and relevance for investors. The panellist noted that this was due to the lack of national standards and regulation and the absence of assurance requirements. In this regard, in 2021, the first national regulation had been issued, based on the principle of proportionality and graduality, and required companies to report under globally recognized standards. Finally, the panellist detailed the green taxonomy in Colombia, issued in April 2022, which was based on seven environmental objectives.

22. The third panellist shared insights from technical assistance provided by UNCTAD in Guatemala, highlighting that diagnosis using the Accounting Development Tool had permitted the identification of existing gaps in the national reporting infrastructure, resulting in an action plan identifying steps that could be implemented within five years; and had
facilitated the drafting of a guide on national sustainability reporting that took into account national circumstances, in particular the needs of microenterprises and small and medium-sized enterprises. The panellist highlighted that one of the project outcomes, a guide on data collection on contributions to achieving the Sustainable Development Goals, had been particularly useful, as it responded to one of the gaps identified in the voluntary national review. She noted the need to strengthen data collection on the contribution of the private sector to the achievement of the Goals and reiterated the importance of the regional partnership in Latin America. Finally, the panellist noted the importance of taking into account the needs of microenterprises and small and medium-sized enterprises since, although International Sustainability Standards Board standards applied to large listed companies, such enterprises that participated in global value chains also needed to comply with the standards and, in this regard, she highlighted the importance of UNCTAD work and support.

23. The fourth panellist stressed that auditors played an important role in sustainability reporting, including by educating about new international standards and regulations. He stated that auditors needed to be part of ongoing changes and help companies comply with new regulations and produce high-quality reports. Finally, he noted that case studies on sustainability reporting were useful and that companies could benefit from reviewing studies conducted by UNCTAD.

24. The fifth panellist highlighted the state of corporate reporting in Kenya and provided an overview of an UNCTAD project in this regard. He noted the importance of case studies and their usefulness in Kenya. Finally, the panellist detailed positive achievements in Kenya in recent years in the field of environmental, social and governance-related reporting policies and frameworks and noted the positive impact of the UNCTAD project in identifying gaps and developing a national plan of action.

25. The sixth panellist shared the experience of South Africa as a beneficiary country of an UNCTAD technical assistance project, which had helped in building a national reporting framework that would foster quantitative and qualitative reporting by private companies. She highlighted that the project had assisted South Africa in making significant progress in addressing gaps in the national sustainability reporting framework.

26. The seventh panellist detailed a project implemented by UNCTAD in Cameroon and, discussing the main activities and outcomes, stated that the project had helped to identify existing gaps such as the lack of coordination between the stakeholders involved in Goals-related accounting and reporting, gaps in academic training and challenges faced by small and medium-sized enterprises in reporting on contributions to achieving the Goals.

27. During the ensuing discussion, the Chair detailed the experience of India in implementing environmental, social and governance-related reporting and stressed that, in addition to regulation and a mandatory framework, an important element was the development of related education, including by raising awareness of sustainability-related topics such as carbon neutrality. One expert noted that sustainability reporting had, to date, focused on external reporting and that the integration of sustainability issues in management accounting and business steering had therefore been neglected; and that companies needed the accounting system to back up environmental, social and governance-related reporting, providing examples from the work of the Value Balancing Alliance. With regard to a query from a few delegates on challenges posed by the lack of harmonization among the multitude of frameworks and standards on sustainability reporting and the need to ensure the comparability and reliability of environmental, social and governance-related disclosures, the Chair noted that India had developed a national environmental, social and governance-related framework, aligned with the Sustainable Development Goals, which was mandatory for listed companies. One panellist noted that in Kenya, listed companies had to follow the guidelines of the Nairobi Securities Exchange, which were based on the Global Reporting Initiative framework. One expert stated that in South Africa, environmental, social and governance-related reporting was mandatory for listed companies but that companies could choose which framework to use; however, South Africa had issued draft guidelines on climate disclosures that, when adopted, would be mandatory for listed companies. One panellist highlighted that the Guidance on Core Indicators was a good basis on which to build a framework that could be adapted to local needs. Another panellist shared the experience of Guatemala in creating a guide to sustainability reporting and that, with regard to choosing between existing...
frameworks, a national consultative group had been established, involving private and public companies and those using different methodologies, allowing for the guide to be adapted to the national context. One delegate highlighted the importance of educational programmes and the need to work closely with academia to update curriculums and integrate sustainability and Goals-related reporting into the education system. One panellist emphasized that, in addition to the need to make changes to educational programmes at the tertiary level, a general awareness of sustainability issues also needed to be increased at lower levels. In response to a query from a few experts with regard to the role of UNCTAD in supporting small and medium-sized enterprises in complying with sustainability reporting standards, the secretariat highlighted work by the Intergovernmental Working Group of Experts on addressing the complexities of international financial reporting standards in relation to the accounting and reporting needs of such enterprises and stated that a similar approach could be taken with regard to sustainability, and that the development of the Guidance on Core Indicators had taken into account the capacities of such enterprises; in addition, UNCTAD had developed training materials, including online courses, aimed at improving the sustainability reporting capacities of such enterprises and, in addition to capacity-building work, UNCTAD interacted with the International Sustainability Standards Board, drawing attention to the needs of small and medium-sized enterprises and the importance of proportionality.

C. Review of practical implementation of international standards of accounting and reporting in the private and public sectors

(Agenda item 4)


29. Introducing the agenda item, the Officer-in-Charge of the Enterprise Branch of the Division on Investment and Enterprise of UNCTAD stated that the document presented a review of the practical implementation of the international financial reporting standards and the international public sector accounting standards from a regulatory, institutional and human capacity perspective, an approach aligned with the three pillars of the Accounting Development Tool, and also presented insights gained from recent implementation of the Tool in member States.

Panel discussions

30. Two panel discussions were held to discuss the agenda item. The first panel featured experts from the following entities: World Bank; Group of Latin American Accounting Standard Setters; Asian-Oceanian Standard-Setters Group; Pan African Federation of Accountants; and European Financial Reporting Advisory Group.

31. Some panellists stated that countries adopting the international financial reporting standards gained from their implementation, as a common set of standards made it possible to provide investors with comparable information. With regard to human capacity-building, education and training based on common standards made it possible to gain from economies of scale, through the use of the same training materials and benchmarks even with trainees based in different countries. In addition, professionals could provide services across jurisdictions applying common standards. Standardization of enforcement practices was an area requiring further development. All panellists noted that strong regulatory and legislative support was essential in the successful implementation of the standards. A few panellists highlighted the need for strong and adequately funded enforcement bodies. One panellist stated that knowledge gaps and the lack of infrastructure, such as well-developed information and communications technology, made the implementation of recently issued international financial reporting standards challenging. Most panellists emphasized the need to recognize that “small and medium-sized enterprises” was a broad category and that, depending on the size of an enterprise, the international financial reporting standards for small and medium-sized enterprises might not be suitable for every entity.
32. During the ensuing discussion, a representative from academia queried whether the international financial reporting standards facilitated the calculation of taxable income, given the prevalence of fair value measurement in the standards. One delegate queried what could be done to increase the tax base in a country. The Chair and one panellist stated that financial statements based on the standards were not intended for tax reporting purposes. One delegate noted that the 17 member countries of the Organization for the Harmonization of Corporate Law in Africa were in the process of implementing the international financial reporting standards and had conducted train-the-trainer sessions to facilitate the process. Another delegate stated that Nigeria had begun to implement the international financial reporting standards in 2012 and that, following an assessment by the World Bank, had established a financial reporting council and was considering conducting a review of the implementation of the standards. Some delegates requested technical assistance from UNCTAD in the implementation of the standards. With regard to a query from one delegate as to whether the World Bank could provide financial support to developing countries to facilitate participation in the standard-setting process, a representative from an intergovernmental organization noted that the World Bank had signed a memorandum of understanding with the International Financial Reporting Standards Foundation related to capacity-building and had created a trust fund for this purpose. A representative from another intergovernmental organization detailed the various channels available to countries in Africa in engaging with the International Financial Reporting Standards Foundation and suggested that they could be used in communicating needs to standard-setting bodies. One delegate shared the experience of Cambodia in implementing the international financial reporting standards, noting that full implementation had been achieved over a 10-year period, as some sectors had requested extensions due to the lack of trained human resources. One expert shared the experience of the United Kingdom in the implementation of the standards since 2005, noting that the Endorsement Board assessed each standard against established criteria and conducted reviews of implementation, to determine whether planned costs and benefits had been achieved.

33. The second panel featured a keynote address by the Secretary-General of the International Organization of Securities Commissions and experts from the following entities: International Public Sector Accounting Standards Board; Ministry of Economy and Finance, Ecuador; Copenhagen Business School; and Association of Chartered Certified Accountants.

34. The keynote speaker stated that the International Organization of Securities Commissions aimed to build sustainable finance markets in which investors directed investments towards projects with positive impacts on achieving net zero greenhouse gas emissions. At present, investors could not efficiently determine the cost of corporate sustainability-related risks and opportunities, nor do so on a comparative basis worldwide. To achieve a successful transition to net zero in the global sustainable finance market, the following components were required: strong political support, translated into comprehensive regulatory frameworks on emissions; extensive public investment programmes; and continuing technological innovation. The Organization was working with the International Sustainability Standards Board on developing standards on financial market disclosures and the speaker stressed that standard setters needed to keep up with the Board and coordinate the timing of outcomes in order for companies to begin producing reliable, independently assured information for markets. He welcomed initiatives to address greenwashing in such markets. In addition, the speaker noted the following key points in ensuring the viability of disclosure standards on emissions: build proportionality into the standards; provide implementation guidance; and consider interoperability with other national and regional standards. He underscored that jurisdictions using local laws to hinder the adoption of International Sustainability Standards Board standards would fragment the global market and stated that regulatory authorities needed to help issuers use the standards as a way to conform to jurisdictional requirements. The speaker noted in this regard that the Board had established a jurisdictional working group to enable dialogue, to ensure enhanced compatibility between the standards of the Board and ongoing initiatives on sustainability disclosures in developed jurisdictions. Once the standards of the Board were finalized, the International Organization of Securities Commissions would begin the endorsement process, to make it possible and desirable for jurisdictions to implement the standards. Finally, the panellist stated that access to complete, consistent and comparable sustainability-related information would allow investors to channel capital to the companies and projects with the greatest need, particularly
in the context of the transition to net zero, and would allow the industry to build sustainable financial data management businesses, to feed into sustainable finance analysis for investors.

35. The first panellist detailed elements of the practical implementation of accrual accounting, to support expected development in the public sector, including a recent initiative between the International Public Sector Accounting Standards Board and the International Federation of Accountants on facilitating the transition to accrual accounting; and standard 33 under the Board, which served as a one-stop shop to support the final stage of the transition to accrual accounting. She shared the experience of Switzerland in implementing full accrual accounting and noted that, to ensure high-quality data, ongoing training and education for accountants was necessary. Finally, the panellist stated that the transition to accrual reporting could be a lengthy process and that each jurisdiction undertaking the reform faced unique challenges.

36. The second panellist shared the experience of Ecuador with regard to a convergence plan towards the implementation of the international public sector accounting standards. In 2015, with financial and technical assistance from the Inter-American Development Bank, a contract had been signed with the Zurich University of Applied Sciences, Switzerland, and the convergence plan initiated. Following meetings with national consultants, the concept of fixed assets had been established, further meetings had been held with the main stakeholders of the national system of public finances and the regulations had been finalized in 2021. The panellist elaborated on the requirements and benefits of convergence towards implementing the international public sector accounting standards; benefits included the international comparability of financial statements, good practices in the preparation of public finance statistics and improvements in financial conditions, to obtain financing.

37. The third panellist shared insights on capacity-building in accounting and financial reporting in both the private and public sectors. She discussed the following three related elements: legal and regulatory; institutional; and human capacity. Finally, the panellist highlighted the continuing need for education and training in both sectors, to support consistent implementation and enforcement.

38. The fourth panellist discussed the benefits of the practical implementation of accrual accounting and key lessons learned, detailing research by the Association of Chartered Certified Accountants in this regard in the public sector. The panellist noted that the Association, jointly with the International Federation of Accountants, would issue a global guide in November 2022, focused on the professionalization of public sector finance.

39. During the ensuing discussion, some delegates stated that UNCTAD should broaden the scope of support to member States with regard to the practical implementation of the international public sector accounting standards; and that the Accounting Development Tool could be revised, to make the public sector component more comprehensive.

D. Other business
(Agenda item 5)

40. Introducing the agenda item, the Officer-in-Charge of the Enterprise Branch of the Division on Investment and Enterprise of UNCTAD presented the following issues for consideration: promoting gender balance in the accountancy profession; and insights from recent implementation of the Accounting Development Tool.

41. With regard to the first issue, the secretariat noted that the Economic and Social Council of the United Nations had recommended that subsidiary bodies dedicate special attention to targets on gender equality contained in Sustainable Development Goal 5. UNCTAD had conducted desk research to assess the status of gender equality in the accountancy profession and among standard-setting bodies, and findings showed that the proportion of women varied across boards and countries, with room for improvement. The secretariat sought views on how the Intergovernmental Working Group of Experts could promote further progress and suggested conducting a more comprehensive review, considering professional accountancy organizations, through a brief survey and/or additional research to identify good practices.
42. One expert noted that gender equality varied across countries and that the availability of accounting qualifications could empower women. One delegate highlighted the need to visibly have women in leadership roles and to nurture pipelines through policies such as parental leave and the use of quotas. One expert noted that the number of women in the accountancy profession in Uganda was high and emphasized the need to advocate for capacity-building and career guidance. A representative from academia noted that countries in Northern Europe had not yet achieved gender equality and cited quantitative research in progress to identify good practices in encouraging women to experience parenthood while managing a career. One expert stated that, with regard to the conduct of a new study, UNCTAD could play a key role in promoting gender equality in the accountancy profession. The secretariat suggested that a possible way forward would be to expand references to gender-related issues in the Accounting Development Tool. One expert stated that women accounted for more than 10 per cent of accountancy professionals in Côte d’Ivoire and that the number was increasing, and supported the use of gender equality policies. Another expert highlighted that the Government of Ecuador had used public policies to promote the participation of women in the public and private sectors, such as tax incentives and the fostering of equal opportunities for women in the labour market. One delegate underscored that obtaining an accountancy qualification posed a challenge for women due to domestic responsibilities but that, in Ghana, women occupied key positions and that representation in the sector was approaching parity.

43. With regard to the second issue, the secretariat presented the latest version of the Accounting Development Tool. Given increasing demands for implementation, UNCTAD had developed the following two new formats of the Tool: quick scan, which provided an overview of the reporting infrastructure in a short period of time and identified key areas for development; and modular, which focused on a particular component of interest, such as small and medium-sized enterprises. In addition, an electronic accounting tool had been developed for member States, to provide microenterprises with a tool that allowed them to file simple accounts. The tool had been pilot tested in Uganda and its platform was integrated into the existing training manual on accounting for microenterprises and small and medium-sized enterprises.

44. The panel featured experts from the following entities: Ministry of Finance, Planning and Economic Development, Uganda; Ministry of Economy and Commerce, Kyrgyzstan; Institute of Certified Public Accountants, Russian Federation; and Ministry of Finance, Cameroon.

45. The first panellist presented an ongoing study on the informal sector in Uganda and a related project to increase capacity and formalization among microenterprises and small and medium-sized enterprises. A challenge in this regard lay not only in formalization but also in keeping enterprises formal. The panellist discussed technical assistance provided by UNCTAD in the implementation of the modular version of the Accounting Development Tool, focused on microenterprises and small and medium-sized enterprises and of capacity-building activities for such enterprises. Finally, he noted that participants in pilot tests had highlighted the usefulness of the electronic accounting tool.

46. The second panellist detailed the accounting and reporting infrastructure in Kyrgyzstan and an UNCTAD technical assistance project. He noted that Kyrgyzstan planned to implement more activities related to sustainability and Goals-related reporting.

47. The third panellist discussed technical assistance provided by UNCTAD in Kyrgyzstan, noting training among the private sector on sustainability and Goals-related reporting. Train-the-trainer courses on accounting for microenterprises and small and medium-sized enterprises had been perceived as useful.

48. The fourth panellist discussed different activities conducted in the framework of technical assistance provided by UNCTAD. He noted that the quick scan version of the Accounting Development Tool had been successfully implemented, allowing Cameroon to assess the accounting and auditing framework and identify best practices and gaps. Finally, the panellist stated that awareness had been raised of the importance of adapting the reporting infrastructure to the particularities of the national economy.
49. During the ensuing discussion, with regard to a query from one delegate related to modernization of the informal sector and the link between the Accounting Development Tool and the electronic accounting tool, the secretariat stated that they were two separate tools and noted that, in Uganda, the modular version of the Accounting Development Tool had been implemented. One panellist noted that, Uganda, in addition to providing services to microenterprises and small and medium-sized enterprises and enhancing capacity to increase the formalization of such enterprises, was also exploring tax incentives to further foster the registration and formalization of such enterprises.

III. Organizational matters

A. Election of officers
   (Agenda item 1)

50. At its opening plenary meeting, on 1 November 2022, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting elected Mr. Sanjeev Kumar Singhal (India) as its Chair and Ms. Maria Ria Nonyana-Mokabane (South Africa) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work
   (Agenda item 2)

51. Also at its opening plenary meeting, on 1 November 2022, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting adopted the provisional agenda for the session (TD/B/C.II/ISAR/100). The agenda was thus as follows:
   1. Election of officers.
   2. Adoption of the agenda and organization of work.
   3. Good practices in and approaches to the practical implementation of sustainability reporting requirements.
   4. Review of practical implementation of international standards of accounting and reporting in the private and public sectors.
   5. Other business.
   6. Provisional agenda of the fortieth session.
   7. Adoption of the report.

C. Provisional agenda of the fortieth session
   (Agenda item 6)

52. At its closing plenary meeting, on 3 November 2022, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting approved the provisional agenda of the fortieth session (see annex I).

D. Adoption of the report
   (Agenda item 7)

53. At its closing plenary meeting, on 3 November 2022, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report on its thirty-ninth session after the conclusion of the meeting.
Annex I

Provisional agenda of the fortieth session
(Agenda item 6)

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Review of practical implementation of and recent developments in sustainability reporting requirements.
4. Accounting and reporting needs of microenterprises and small and medium-sized enterprises and the role of accounting and reporting in facilitating the formalization of businesses in the informal sector.
5. Other business.
6. Provisional agenda of the forty-first session.
7. Adoption of the report.
Annex II

Attendance*

1. Representatives of the following States members of the Conference attended the session:

   Afghanistan          Mauritania
   Algeria              Mexico
   Angola               Morocco
   Barbados             Namibia
   Belarus              Netherlands
   Brazil               Nicaragua
   Cabo Verde           Nigeria
   Cambodia             North Macedonia
   Cameroon             Panama
   Canada               Paraguay
   Chile                Peru
   China                Philippines
   Colombia             Russian Federation
   Côte d’Ivoire        Saudi Arabia
   Dominican Republic   South Africa
   Ecuador              Spain
   Egypt                Sri Lanka
   Gabon                Suriname
   Gambia               Sweden
   Germany              Switzerland
   Ghana                Togo
   Guatemala            Türkiye
   India                Uganda
   Iraq                 Ukraine
   Italy                United Kingdom of Great Britain
   Japan                and Northern Ireland
   Kenya                United States of America
   Kuwait               Uruguay
   Latvia               Viet Nam
   Lebanon              Yemen
   Mali                 Zambia
   Malta                Zimbabwe

2. The following intergovernmental organizations were represented at the session:

   African Groundnut Council
   Common Fund for Commodities
   Intergovernmental Standing Committee on Shipping
   Islamic Development Bank
   Organization of Islamic Cooperation

3. The following United Nations organs, bodies and programmes were represented at the session:

   Department of Economic and Social Affairs
   Department of Management Strategy, Policy and Compliance
   United Nations Development Programme
   United Nations Environment Programme
   World Bank Group

* This attendance list contains registered participants. For the list of participants, see TD/B/C.II/ISAR/INF.15.
4. The following non-governmental organizations were represented at the session:

*General category*

- International Network for Standardization of Higher Education Degrees
- International Organization for Standardization
- Pan-African Organization for Sustainable Development
- Village Suisse ONG
- World Association for Small and Medium Enterprises