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Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its twenty-ninth session

Held at the Palais des Nations, Geneva, from 31 October to 2 November 2012

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I. Agreed conclusions

A. Regulatory and institutional foundations for high-quality corporate reporting

(Agenda item 3)

1. The twenty-ninth session of the UNCTAD Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) noted that the world economy transcends national borders and that foreign direct investment continues to account for a larger proportion of overall investment. In this respect, the session reiterated the importance of global standards and codes for facilitating cross-border investment flows and for creating a stable, predictable and enabling investment climate. Delegates recognized the significant progress that standard-setters have made over the last two decades with respect to promulgating international standards and codes aimed at enhancing the utility and quality of corporate reporting around the world. The Group of Experts underscored the highly interrelated nature of the regulatory, institutional and technical competencies aspects of the corporate reporting infrastructure; highlighted the importance of an integrated approach towards strengthening the foundations for high-quality corporate reporting; and emphasized the need for concerted efforts at the national and international levels towards consistent implementation and enforcement of global corporate reporting standards and codes.

2. In this regard, the Group discussed a need for further enhancement of participation of developing countries and economies in transition in the international standard-setting processes. It noted that creation of new bodies, such as the Emerging Economies Group of the International Accounting Standards Board, has been a right step in this direction. The session requested UNCTAD to urge the International Accounting Standards Board to further increase participation by emerging economies and non-English speaking countries in the development and revision of International Financial Reporting Standards (IFRS).

3. Deliberations on this agenda item were facilitated by a background document titled Regulatory and institutional foundations for high-quality corporate reporting: issues and challenges (TD/B/C.II/ISAR/63) prepared by the UNCTAD secretariat. They also benefited from panels of distinguished experts, as well as from feedback received from the pilot tests on the UNCTAD-ISAR Accounting Development Toolkit (ADT) that were conducted during the intersessional period in nine countries, namely: Brazil, China, Côte d'Ivoire, Croatia, Mexico, the Netherlands, the Russian Federation, South Africa and Viet Nam. Delegates commended the background document that the UNCTAD secretariat prepared for the session for its high quality and also expressed appreciation for the insightfulness of the inputs provided by the different panel presentations. The session also expressed appreciation to those countries that participated in the pilot-test exercise.

4. In concluding its deliberations on this agenda item, the Group of Experts agreed that the ADT was a very useful tool for assisting member States in assessing their respective regulatory, institutional and human-capacity arrangements and capabilities, facilitating stakeholder dialogue, identifying gaps by benchmarking against globally recognized standards and codes and improving a country's investment climate. In particular, the session also agreed that the ADT could produce a basis for developing a strategic approach and a road map to addressing the gaps identified, measuring progress in a comparative and consistent manner and ultimately achieving high-quality corporate reporting. Furthermore, the session agreed on the potential of the ADT for facilitating the sharing of experiences among participating member States and creating a database of good practices.

5. The Group of Experts requested UNCTAD to continue its work on the ADT, including on the online portal, and gather feedback from country assessments on the application of the ADT with a view to revising it as needed. In this respect, the session encouraged member States interested in conducting assessments using the ADT to communicate their interest to the UNCTAD secretariat. Additionally, the Group of Experts requested UNCTAD to conduct further studies on the human resources related dimensions of the corporate reporting infrastructure and present its findings for consideration at the thirtieth session. In this connection, the session encouraged UNCTAD to consider – resources permitting – updating again the Model Accounting Curriculum developed by ISAR. Furthermore, the Group of Experts requested UNCTAD to assist developing countries and economies in transition in their efforts to generate sustainable finance for establishing and strengthening the capacity of institutions engaged in the implementation and enforcement of global standards and codes. In this respect, the session called on development partners to consider making funds available to realize these objectives.

6. Delegates called on UNCTAD to bring the ADT to the attention of the Group of 20 as a useful instrument to facilitate and assess the development of accounting infrastructure for high quality reporting with a view to encouraging countries to participate in the exercise.

B. Other business

(Agenda item 4)

1. Sustainability reporting

7. In discussing issues of sustainability reporting, integrated reporting and climate change reporting, the Group of Experts welcomed the outcomes of the thirteenth session of the United Nations Conference on Trade and Development (UNCTAD XIII), and noted the views of member States on the need to contribute to a green economy in the context of sustainable development and the challenge of climate change (Doha Mandate, para. 18(b)).¹ The Group also welcomed the outcomes of the United Nations Conference on Sustainable Development (Rio+20) and noted the emphasis of member States on the importance of sustainability reporting and the need to develop models for best practice and facilitate action in this area, and the importance of considering the needs of developing countries, including in capacity-building (The future we want, para. 47).² ISAR also noted UNCTAD's role in this regard as one of the official implementing bodies of the Rio+20 call for action on sustainability reporting.

8. The Group of Experts discussed the increasing demand for sustainability reporting and practices in this area, including an increasing number of national regulatory and stock exchange initiatives to promote sustainability reporting. In this regard it noted the influential role that stock exchanges can play in promoting high-quality sustainability reporting through listing rules and voluntary sustainability indices. ISAR also reviewed recent developments in the area of climate change reporting.

9. The Group of Experts noted the diverse nature of different requirements and initiatives and a need for further efforts towards promoting a harmonized approach to sustainability reporting among member States, including on climate change issues. The Group of Experts agreed on the need for further analysis and deliberations on sustainability reporting initiatives with a view to sharing experiences in this area between countries and

¹ TD/500/Add.1.

² A/CONF.216/L.1.

providing best practice guidance to policymakers and stock exchanges. The Group also agreed that UNCTAD, through ISAR, should continue to contribute to the field of environmental reporting. In this context, ISAR requested the UNCTAD secretariat to continue its cooperation with other relevant organizations to address these matters.

2. Corporate governance disclosure

10. ISAR reiterated the importance of corporate governance disclosure for policymakers, shareholders and other stakeholders, and recognized that high-quality reports in this area contributed to promoting investment and economic stability. The Group of Experts noted that the work on corporate governance disclosure continues to provide important data and analysis to facilitate international benchmarking, capacity-building and the sharing of country experiences. It commended the usefulness and quality of discussions on corporate governance disclosure in Jamaica and Trinidad and Tobago. The Group of Experts requested UNCTAD to continue to provide technical guidance to local institutions wishing to produce similarly standardized country case studies using the ISAR benchmark on good practices in corporate governance disclosure.

II. Chair's summary

A. Opening statements

1. In his opening remarks, the Deputy Secretary-General of UNCTAD highlighted that good corporate reporting was a fundamental element of transparent markets and healthy economies. The main agenda of the session was thus dedicated to addressing issues pertaining to the regulatory and institutional aspects of high-quality corporate reporting. He further noted that an accounting infrastructure was a complex set of institutions and regulatory requirements, and creating a road map for building capacity in this area was an equally complex task. He commended the Group of Experts for creating the ADT which had been launched at the thirteenth session of the Conference on Trade and Development (UNCTAD XIII) held in Doha in April 2012. He noted that the ADT addressed the full range of accounting and reporting issues in a systematic way and that it had the capacity to assist policymakers in setting priorities to strengthen and further develop their accounting infrastructure. He also highlighted that accounting and reporting played an important role in addressing many environmental, social and corporate governance issues. He highlighted the pioneering work of the Group of Experts on capacity-building in the area of corporate and sustainability reporting. He reminded delegates that the United Nations system looked to experts such as ISAR to help implement the vision of member States articulated at Rio+20 in June 2012 in the area of sustainable development.

2. The Director of UNCTAD's Division on Investment and Enterprise welcomed the delegates to the twenty-ninth session of ISAR and reminded delegates that the work of ISAR was of critical importance to wider issues of investment, financial stability and sustainable development. He indicated that accounting and reporting could contribute to greater corporate transparency and enhance the predictability and stability of business transactions, thereby creating a stronger enabling environment for investment. He reminded participants that in the aftermath of the economic downturn, accounting and corporate reporting now played an increasingly important role in achieving a more stable and sustainable recovery and in the future growth and development of the global economy.

3. The Chair of the Trustees of the International Financial Reporting Standards (IFRS) Foundation delivered the keynote address of the session. He highlighted the remarkable progress that had been made with respect to the number of countries that had adopted or

were in the process of adopting IFRS since the International Organization of Securities Commissions endorsed the standards in 2000. In relation to activities undertaken to strengthen the institutional base of the international standard-setting process for financial reporting, he noted that the IFRS Monitoring Board – consisting of major public authorities that supervised securities markets – was established in 2009. He also noted that the Board of Trustees and the IFRS Monitoring Board conducted a strategy review and published their reports jointly in February 2012. He discussed the support for emerging markets that the IFRS Foundation had been providing, IFRS for small and medium-sized enterprises (SMEs) and related education initiatives and considerations by the United States Securities and Exchange Commission with regard to the possible application of IFRS by United States-based issuers of instruments. He underscored that while much had been achieved in recent years, much more was required, and that the support of UNCTAD-ISAR was very important to the IFRS Foundation.

B. Regulatory and institutional foundations for high-quality corporate reporting

(Agenda item 3)

4. Deliberations on this agenda item commenced with an introduction by the UNCTAD secretariat. This was followed by the first panel presentation by representatives of the Financial Stability Board, the International Federation of Accountants, the International Accounting Standards Board (IASB), the World Bank and the International Organization of Securities Commissions. The panellists highlighted recent developments pertaining to the regulatory and institutional aspects of high-quality corporate reporting in their respective organizations. One panellist recalled the highly useful work that the Group of Experts had done in the area of accountancy education through the issuance of the Model Accounting Curriculum. The panellists highlighted the importance of robust regulatory and institutional foundations for high-quality corporate reporting and commended the ADT that the Group of Experts had been developing over the past three years.

5. During the question-and-answer segment, one delegate commented on the need to expand non-financial reporting to include additional elements such as risks in relation to changes in foreign currency. He also emphasized the need for further implementation of the International Public Sector Accounting Standards (IPSAS) in the aftermath of the sovereign debt crisis. Another delegate indicated that his country had adopted regional public sector standards based on IPSAS and expressed concern about the sustainability of IPSAS. He also added that there was a need to strengthen the independence of the audit of public sector financial statements.

6. One delegate highlighted the challenges that developing countries and countries with economies in transition faced in translating international standards from English into other languages. A representative of IASB indicated that his organization recognized the challenges that the translation of standards from English into other languages posed. He indicated that IASB allowed longer exposure and transition periods when it issued standards with a view to providing more time for countries to translate its documents. He also underscored the efforts his organization made in order to maintain a single translation worldwide for each language. A representative of the International Federation of Accountants informed delegates that in 2012, professional accountancy organizations in Argentina, Mexico and Spain collaboratively produced a single Spanish version of the International Standards on Auditing. He added that this was a good example of how accountancy organizations could facilitate the translation of international standards and at the same time avoid generating multiple versions of one standard. He also assured participants that there was no prospect for IPSAS to be phased out as standards. One

delegate asked what exactly was meant by an IFRS jurisdiction. A representative of IASB replied that his organization did not label countries based on the scale of implementation and considered a country to be an IFRS-adopting country when it applied IFRS as issued by IASB. Furthermore, he said that IASB had conducted a survey of over 100 countries regarding how these countries had been implementing IFRS and a report would be published by the end of 2012.

7. In the second panel, representatives from countries that volunteered to pilot test the ADT shared feedback and lessons learned. The representatives focused the discussions on the challenges and issues related to the regulatory and institutional components of the ADT. The Chair of the UNCTAD-ISAR Consultative Group on Capacity-Building for High-Quality Corporate Reporting made introductory remarks and mentioned that Brazil, China, Côte d'Ivoire, Croatia, Mexico, the Netherlands, the Russian Federation, South Africa and Viet Nam were the countries involved in the exercise. Representatives from these countries provided information concerning the process followed during the pilot test. They stressed the importance of involving all key stakeholders in the assessment exercise and identifying the correct persons to be approached.

8. The language barrier was mentioned by several countries as one of the key challenges faced when conducting the pilot test. Another challenge highlighted was the identification of references to justify responses. Some countries explained the scores obtained as a result of the pilot test. Common areas that showed low scores were environmental, social and corporate governance disclosure, funding and coordination. Speakers highlighted that applying the ADT helped countries to identify gaps and then create a road map. In this regard, the delegate from Côte d'Ivoire mentioned the wish to request assistance from UNCTAD-ISAR for the elaboration of a national action plan to strengthen the accounting architecture.

9. Speakers also commented on the ADT as an excellent instrument for opening systemic debate and noted that the ADT functioned as a road map because it both explained what to assess and showed how to conduct the assessment. One representative noted that if an assessment was carried out on a yearly basis, progress could be tracked. Concerning conclusions, another representative recommended at present not using the ADT as a measurement tool for comparison. If the ADT was used for comparison, answers should be weighted because some questions were more important than others.

10. Representatives provided some recommendations for improving the assessment questionnaire. They noted that certain topics could be expanded and some questions needed to be clarified. One speaker commented that in certain cases it was difficult to have black-and-white answers and suggested including additional questions to capture advances towards convergence. Finally, one speaker stressed that inclusion of the public sector in the questionnaire was very controversial in his country.

11. The Chair opened the floor for discussions and questions. One delegate asked UNCTAD about its strategy for providing support to countries in obtaining financing. The secretariat commented that UNCTAD would help by making potential donors aware and by joining forces to raise the financial resources required. The same delegate suggested bringing work on the ADT to the attention of the Group of 20. Finally, the delegate requested more information concerning full adoption of IFRS by Mexico. The speaker from Mexico explained that a transition process was essential. She mentioned that the decision for adoption was announced in 2008 and became effective in 2012; therefore, all stakeholders had had four years in which to prepare themselves. In addition, national standards had already been at a high level of convergence and this had facilitated the change.

12. One delegate asked the representative from Côte d'Ivoire to comment on the implementation of IPSAS at the national level within the context of the regional system of the Organization for the Harmonization of Business Law in Africa (OHADA). The speaker commented that there was a process for convergence towards IPSAS but that there had not yet been full adoption. There were discussions on whether convergence or full adoption was the best approach. Côte d'Ivoire would follow the regional practice agreed at the Organization for the Harmonization of Business Law in Africa which consists of 17 countries.

13. UNCTAD noted that the ADT contains an addendum on IPSAS and emphasized that efforts would continue to be placed in this area. UNCTAD could also try to find resources and determine who should be involved in developing this part of the questionnaire.

14. Another delegate asked for views on the usefulness of the interaction between the Report on the Observance of Standards and Codes and the ADT exercises. The speaker from Viet Nam said that the ADT was very useful because it covered a wide range of corporate reporting issues in a checklist format. The speaker from South Africa commented that the ADT was very useful. In particular, it helped to highlight the lack of coordination between various bodies because it required a country view. She believed that there was an extra dimension to the Report on the Observance of Standards and Codes programme when compared to the ADT.

15. Another delegate asked about the experience of the countries in the adoption of international standards. The representative from China briefly described the process that took place in his country, underlining that in 2006 China promulgated the system of accounting standards and adopted harmonization with IFRS as an approach. The representative of Mexico also summarized the key steps carried out before adopting IFRS.

16. The Chair of the Consultative Group requested speakers to comment on the positive and strong effects and the results of conducting the pilot test. The speaker from the Russian Federation stressed that ultimately the ADT was a good instrument to evaluate the situation in countries and to build a road map and determine what to do. The speaker from South Africa stressed that human capacity-building was one of the positive aspects of the ADT. She mentioned that South Africa had a very strong regulatory and institutional infrastructure. For instance, they were leaders in the integrated reporting area. However, in using the ADT, they realized that they could improve coordination to drive capacity-building because they currently relied almost entirely on the South African Institute of Chartered Accountants for this purpose. Côte d'Ivoire highlighted that the ADT was very helpful in identifying critical areas that required attention such as the funding of key institutions. Croatia said that the strongest point justifying the pilot test was that the discussion on the effective accounting infrastructure had opened up.

17. The Chair of the Consultative Group asked the speaker representing Croatia to express his views concerning the different approaches taken by countries to conduct the pilot test with regard to Government involvement. The speaker responded, noting that the approach taken could vary depending on the cultural and legal environment of each country.

18. The third panel discussion consisted of speakers representing regulatory authorities and one practitioner representing an accounting firm. In their presentations, the panellists highlighted the importance of the consistent implementation and enforcement of global standards and codes of corporate reporting within a country and across jurisdictions. In this connection, the speakers underscored the need for cooperation among regulatory authorities within a country as well as globally. The panellists shared a number of good practices in relation to the regulation of public interest entities, including aspects of financial reporting and audit. One regulator highlighted an internet-based filing system for corporate annual

reports that her country had implemented about a decade earlier. The regulatory authority charged fees to users who requested access to company information archived in the regulator's online database. Another panellist representing a regulator noted the importance of sharing regulatory actions with the market as quickly as possible and added that naming and shaming was an effective way to discourage issuers and their auditors from violating regulations.

19. This was followed by a question-and-answer segment. One delegate asked how regulators raised awareness of applicable rules among companies preparing annual reports for audits that wished to comply but might not be sufficiently aware of their reporting and other compliance obligations. One panellist explained that her organization made available on its website all the relevant information that was needed to comply with reporting requirements. Once a preparer or company completed the registration process with the corporate affairs commission or registration authority, an information package including reporting and other compliance requirements was mailed to the management. The regulatory authority also conducted refresher courses for company directors whose companies failed to comply with corporate regulatory requirements. Furthermore, the regulatory authority had made available online, free of charge, a book on being a good director. It conducted mini-road shows and other outreach activities with a view to promoting better compliance by the business community.

20. One delegate raised a question on the trend from 2010 to 2012 of an increasing percentage of violations in relation to enforcement actions taken by a regulatory authority represented by one of the panellists. The delegate asked whether the upward trend was a result of the ineffectiveness of the enforcement actions taken. The panellist replied that it was too early to determine the actual causes of the trend of increasing violations. A possible explanation could be the difficult market environment which could prompt preparers to engage in earnings management. Another explanation could be the growing number of more complex financial reporting standards that preparers had to implement in successive years. He further noted that the amount of a fine for violations was determined by taking into account the paying ability of the entity that committed the violation. He added that for most preparers, avoiding damage to their reputation was more important than paying a fine.

21. Another delegate raised a question on whether the regulatory body engaged in discussions with the auditors of the preparer companies committing violations. One panellist explained that his organization conducted regular meetings with the accountancy profession and that there was a formal, institutionalized exchange of information with the regulatory body responsible for supervising the audit function. He added that one of the causes of audit failures was that some critical audit work was conducted by junior staff of the audit firm who were often not adequately trained to perform these tasks. In this respect, he highlighted the need for enhancing the education of auditors, particularly for the audit engagement team. One delegate asked whether peer pressure among preparers was an effective way of achieving compliance. One panellist responded that under certain circumstances, peer pressure was not effective, as for example when the reporting entity did not have a broad base of investors, did not have a free float or when it was an owner-managed business.

22. One participant asked whether there would be a conflict of interest in situations where the profession sets its own audit standards. The panellists explained that different countries had different models for regulating the audit profession. In some countries the oversight body was part of the securities commission. Other countries placed the oversight function as part of the ministry of finance, while in still others it took the form of an independent body. In some institutional arrangements the oversight body set audit standards while in others, the task was delegated to the audit profession. In the case of the latter

arrangement, additional regulatory measures needed to be taken to address conflicts of interest.

23. One delegate asked whether the roles of audit committees and internal audit were significant in the financial reporting process. One panellist noted that the role of the audit committee had evolved significantly from its traditional function. He noted that members of audit committees were involved in critical phases of the financial reporting process, including during discussions of adjustments on financial reporting figures recommended by the external auditor. With respect to internal audit, given the broader scope of external audit, and as a result of larger thresholds for materiality, internal audit contributed to sound financial reporting by conducting detailed tests of the functioning of control procedures that management put in place. A question was raised on whether it would be useful to create a separate oversight function for auditors of SMEs. Some panellists were of the view that many regulatory authorities were making efforts to minimize the burden of financial reporting and audit on SMEs.

24. The fourth panel discussed issues of regulatory and institutional foundations for high-quality corporate reporting from the perspective of peer reviewers of the pilot-test countries. Overall, the panellists emphasized the usefulness of the ADT as an assessment tool. The speakers underscored the importance of involving key stakeholders as one of the critical success factors in conducting a country assessment. Other common views of the peer reviewers included that arrangements for the sustainable funding of key institutions were lacking, coordination among key players in the corporate reporting process needed further improvement, quality assurance mechanisms in relation to audit were important and that in an environment of principles-based standards, training professionals to exercise proper judgement was essential.

25. The panel made several suggestions to improve the ADT. A distinction needed to be made between the adoption and the implementation of a standard, as well as between the implementation of IFRS as issued by IASB and with modifications made by implementing countries. Redundant questions could be eliminated and some questions could be simplified. Questions on monitoring and enforcement could be added to make pillar B more comprehensive. It was noted that determining the adequacy of the existing number of accountants was difficult. Other improvements on the ADT that the panel recommended included adding a section to provide basic facts about the country, such as the 10 largest companies by market capitalization, market competition, the wording of audit opinions regarding financial reporting standards and the availability of accounting software packages in the country. A suggestion was also made to make the ADT more dynamic and user-friendly. The panel commended the pilot-test countries for the comprehensive information they provided in the questionnaire and for their candid responses.

26. One delegate commented that while the speaker recommended a five-year period for the implementation of quality control and quality assurance, the World Bank requested achieving this goal in less than one year and a half. The speaker mentioned that for complete implementation it was necessary to observe this five-year period. The representative from the World Bank added that the World Bank was now more open to a long-term approach or an approach as negotiated with individual countries based on country circumstances.

27. The representative of the World Bank stated further that project timeline expectations were developed in coordination with the authorities of the country involved and that many countries already had some requirements in place.

28. One delegate expressed concern that the world was moving towards IFRS which were meant for large companies and asked whether IASB had interest in developing standards for micro-entities. The panellists and Chair responded that some jurisdictions

recommended the UNCTAD-ISAR Accounting and Financial Reporting Guidelines for level three SMEs.

29. One delegate sought clarification on adoption and implementation and what discourages countries from moving to full implementation of IFRS. One panellist responded, noting that adopting legal measures was relatively simple. The difficulty was in implementing the standards. There was a need to train staff to implement the standards and the panellist added that continuing professional development was very important in this respect.

30. The Chair opened the floor for further questions. One delegate posed a question on how the Extensible Business Reporting Language (XBRL) was relevant for corporate reporting. One speaker mentioned that technology facilitated this task and referred to a presentation on this subject to take place on the last day of the session. Another delegate commented on the complexity of the requirements and the challenges that their adoption posed to developing countries.

31. The Chair then gave the floor to the UNCTAD secretariat to demonstrate the online tool being developed as a means to increase countries' access to the ADT and facilitate interaction and communication among the different parties that intervene during the assessment exercise.

C. Other business

(Agenda item 4)

1. Sustainability reporting

32. The Group of Experts considered issues of sustainability reporting, including climate change related disclosures, as part of its follow-up to earlier work on environmental accounting and reporting in order to get an update on recent developments. The secretariat introduced the agenda item and provided a background summary which included an overview of recent events. Specifically, these events were the UNCTAD Workshop on Climate Change Reporting in March 2012, the outcome of thirteenth session of the Conference on Trade and Development (UNCTAD XIII) in April 2012 and the Sustainable Stock Exchanges Global Dialogue and Rio+20, both in June 2012. The background summary demonstrated the strong interest of member States in the area of sustainability reporting and UNCTAD's ongoing mandate in this area.

33. The panellists for the discussion represented organizations involved in creating guidelines on sustainability reporting. Updates were provided on the work of the Organization for Economic Cooperation and Development, the Climate Disclosure Standards Board, the Global Reporting Initiative and the International Integrated Reporting Council. Speakers noted key trends, including the rise of voluntary and mandatory national regulatory and stock exchange initiatives. Increasing international interest in integrated reporting was also noted, along with progress in this area towards an agreed international framework for such reporting. Representatives of financial information service companies also discussed the growing interest of investors in sustainability information, combined with the challenge of inconsistencies among companies in the production of sustainability reports. The key challenges noted for users of sustainability reports were the low or inconsistent uptake among companies which led to large information gaps, and that among those companies that did report, information tended to lack comparability which undermined its usefulness.

34. Several panellists highlighted the outcome of Rio+20 on sustainability reporting, noting the call by member States for the United Nations system to work with stakeholders

to develop models for best practice and to facilitate action, including capacity-building. It was also noted that UNCTAD was one of the official implementing agencies of the Rio+20 outcome on sustainability reporting, and that ISAR was in a unique position within the United Nations system to contribute to this area.

35. The presentations were followed by a question-and-answer session. A few delegates asked about the experience of South Africa in producing integrated reports, as South Africa was the first country in the world to have such reports be mandatory. Delegates also posed questions about the role of integrated reporting in gauging the health of the financial system and the role of fiscal incentives (for example, fines, taxes, etc.) vis-à-vis corporate reporting in influencing management practices. One delegate asked about the role of IASB in the area of sustainability reporting, and a question was raised about the current state of assurance standards in this area. A number of delegates noted ISAR's long history of contributions to environmental reporting.

2. Corporate governance disclosure

36. The secretariat provided a background summary which included an overview of UNCTAD's recently published report *Corporate Governance Disclosure in Emerging Markets: Statistical Analysis of Legal Requirements and Company Practices*.³ The secretariat presented unique features of the report, which summarizes four years of UNCTAD research and also includes new analysis not previously available. The secretariat also highlighted the ongoing usefulness of the ISAR-developed *Guidance on Good Practices in Corporate Governance Disclosure* which continues to form the basis of a practical benchmarking tool for measuring the implementation status of corporate governance disclosure. Panellists presented a country case study of Jamaica, and updates from Trinidad and Tobago on capacity-building efforts in that country sparked in part by its 2011 study on corporate governance disclosure. These case studies were developed with technical assistance from UNCTAD and using ISAR's recommended disclosure items as a benchmark. The secretariat invited delegates interested in conducting similar country case studies in their own countries to contact the secretariat for technical assistance.

3. Updates on regional and other international organizations

37. For this panel discussion, representatives of regional and international organizations working on corporate reporting provided updates on their activities during the intersessional period. The first panellist, a representative of the International Federation of Accountants (IFAC), presented the IFAC mission, its organizational structure and activities. She also gave an overview of the different boards and committees, for which she highlighted key activities. These key activities included the enhancement of auditor reporting standards as a top priority until 2014; a refinement of the public sector conceptual framework; a continued revision of the eight International Education Standards to improve readability and to ensure the consistent application of each standard; the release of the exposure draft on Responding to a Suspected Illegal Act; the description of key roles and expected areas of competency of professional accountants in business; a release of the findings concerning the Small and Medium Practices Quick Poll; the signing of the Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration; a focus on UNCTAD public policy paper number two which demonstrates IFAC's support for a single set of auditing standards, as well as on public policy paper number five which presents a practical definition of public interest and enables stakeholders to determine the extent to which actions, decisions or policies are made in the public interest.

³ http://unctad.org/en/Docs/diaeed2011d3_en.pdf

38. The next speaker, a representative of the Pan-African Federation of Accountants, presented the organization's vision and its mission. He highlighted that in recent activities, the Pan-African Federation of Accountants had identified strategic outcomes such as the need for the establishment of a strong sustainable national professional accountancy organization in every African country. The panellist emphasized that these accountancy organizations needed to contribute to economic and social development and to demonstrate compliance with IFAC statements of membership obligations. Moreover, he emphasized that going forward the Pan-African Federation of Accountants would enhance its participation in international discussions on high-quality corporate reporting.

39. The panellist representing the Federation of Mediterranean Accountants (FCM) elaborated on the historical background, the mission and the activities of her organization. FCM consists of 22 professional institutes of accountants from 18 Mediterranean countries and is an acknowledged grouping of IFAC. The speaker stressed that FCM's regional dimension had become increasingly important since substantial trade and investment flows indicated the disappearance of national boundaries. Therefore, an international perspective had to be adopted by country regulators. In order to achieve the implementation of a more integrated market in the Mediterranean region, FCM's activities included the exchange of information and best practices, the organization of conferences, seminars and specific targeted actions, as well as support to the IFAC Compliance Programme. Of the top priorities on which FCM focused during the past year, the first concerned capacity-building. FCM strived to organize events and project close to its members' needs and therefore launched a trainee's exchange project between Italy and Tunisia, the first two pilot countries. Second, FCM focused on regulatory convergence in order to improve the regional governance of risks. In this sense, FCM's annual conference, scheduled for early December 2012, would address the importance of regional regulation in cooperation with the Federation of European Accountants (FEE), the International Organization of Securities Commissions, IFAC and other institutions. Finally, the organization prioritized policies for SMEs and Small and Medium Practices, exploring the link between access to finance and financial information in order to identify best practices.

40. In his capacity as a former chair of XBRL International, the last panellist presented an update on XBRL. He explained that, based on XML, XBRL is the electronic language for the communication of business and financial data. In order to further develop this electronic language of tagging data, the consortium XBRL International usually meets twice a year. The speaker stressed its advantages, indicating that XBRL offered cost savings, greater efficiency and improved accuracy. However, for the public sector, it was probably more difficult to apply XBRL than for the private sector.

III. Organizational matters

A. Election of officers

(Agenda item 1)

41. At its opening plenary meeting, the Intergovernmental Working Group of Experts elected the following officers:

Chair:	Mr. Jim Osayande Obazee (Nigeria)
Vice-Chair-cum-Rapporteur:	Mr. David Szafran (Belgium)

B. Adoption of the agenda and organization of work

(Agenda item 2)

42. Also at its opening plenary meeting, the Intergovernmental Working Group of Experts adopted the provisional agenda for the session, as contained in document TD/B/C.II/ISAR/62. The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Regulatory and institutional foundations for high-quality corporate reporting
4. Other business
5. Provisional agenda for the thirtieth session
6. Adoption of the report

C. Outcome of the session

43. At its closing plenary meeting on Friday, 2 November 2012, the Intergovernmental Working Group of Experts adopted its agreed conclusions (see chapter I) and agreed that the Chair would summarize the informal discussions (see chapter II). It also approved the provisional agenda for the thirtieth session of ISAR (see annex I).

D. Adoption of the report

(Agenda item 6)

44. The Intergovernmental Working Group of Experts authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting.

Annex I

Provisional agenda for the thirtieth session

1. Election of officers
2. Adoption of the agenda and organization of work
3. Key foundations for high-quality corporate reporting
 - (a) UNCTAD-ISAR Accounting Development Toolkit: Feedback from countries
 - (b) Human resource development challenges
4. Review of good practices in sustainability reporting, regulatory and stock exchange initiatives
5. Other business
6. Provisional agenda for the thirty-first session
7. Adoption of the report

Annex II

Attendance*

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

Afghanistan	Kuwait
Algeria	Kyrgyzstan
Angola	Lesotho
Azerbaijan	Lithuania
Bahrain	Malawi
Barbados	Malta
Belarus	Mexico
Belgium	Morocco
Benin	Namibia
Bosnia and Herzegovina	Nigeria
Brazil	Oman
Burkina Faso	Philippines
Cambodia	Portugal
Cameroon	Romania
China	Russian Federation
Congo	Senegal
Côte d'Ivoire	Slovakia
Croatia	South Africa
Czech Republic	Spain
Ecuador	Sri Lanka
Egypt	Swaziland
Gabon	Sweden
Germany	Switzerland
Ghana	Tunisia
Hungary	Turkey
Iraq	Ukraine
Ireland	United Republic of Tanzania
Italy	Viet Nam
Japan	Yemen
Kazakhstan	Zimbabwe

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

Asian Development Bank
 Economic Community of West African States
 European Union
 Islamic Development Bank
 Organization for Economic Cooperation and Development
 Organization of Islamic Cooperation

* For the list of participants, see TD/B/C.II/ISAR/Inf.5.

3. The following specialized agencies were represented at the session:
 - International Fund for Agricultural Development
 - United Nations Environment Programme
 - World Bank

4. The following non-governmental organizations were represented at the meeting:
 - Village Suisse ONG
 - World Council of Churches

5. The following panellists made contributions to the meeting:
 - Mr. Damir Kaufman, Chair and Vice-Chair, Twenty-eighth session
 - Mr. Jim Osayande Obazee, Chair, Twenty-ninth session
 - M. David Szafrar, Vice-Chair-cum-Rapporteur, Twenty-ninth session

 - Mr. Michel Prada, Chair, Board of Trustees of the IFRS Foundation
 - Mr. Gerald Edwards, Senior Adviser Accounting and Auditing Policy, Financial Stability Board
 - Mr. Ian Ball, Chief Executive, IFAC, and Chair, International Integrated Reporting Council Working Group
 - Mr. Wayne Upton, Chair, IFRS Interpretations Committee, IASB
 - Mr. Liam Coughlan, Senior Financial Management Specialist, World Bank
 - Mr. Jonathan Bravo, Head of Finance and Corporate, International Organization of Securities Commissions
 - Mr. Nelson Carvalho, Professor, University of Sao Paulo, Brazil (Chair, UNCTAD-ISAR Consultative Group on Accountancy Development)
 - Ms. Elionor Weffort, Professor, Fundação Escola de Comércio Álvares Penteado, Brazil
 - Mr. Damir Kaufman, Secretary General, Ministry of Justice, Croatia
 - Mr. Shu Huihao, Deputy Director-General, Accounting Regulatory Department, Ministry of Finance, China
 - Mr. Drissa Koné, Secrétaire Général du Conseil National de l'Ordre des Experts Comptables et Comptables Agréés de Côte d'Ivoire ; Représentant de Côte d'Ivoire au sein du Conseil Comptable Ouest Africain
 - Mr. Sergey Shapiguzov, President, FBK Company, Russian Federation
 - Ms. Lesley Stainbank, Professor, University of Kwazulu-Natal, South Africa
 - Mr. Vo Tan Hoang Van, Partner, Ernst and Young, Viet Nam Limited
 - Ms. Elsa Beatriz Garcia, Board Member, Mexican Financial Reporting Standards Board
 - Ms. Juthika Ramanathan, Chief Executive, Accounting and Corporate Regulatory Authority, Singapore
 - Mr. Philipp Leu, Executive Director, Financial Reporting, Swiss Exchange
 - Mr. Joel Osness, Partner, Deloitte and Touche LLP
 - Mr. Jon Hooper, International Forum of Independent Audit Regulators
 - Mr. Ewald Müller, Director, Financial Analysis, Qatar Financial Centre Regulatory Authority
 - Mr. Guillermo Braunbeck, Academic Fellow, IFRS Foundation, London, United Kingdom of Great Britain and Northern Ireland
 - Mr. Paul Hurks, Director, International Accountancy Education and Development, Royal Netherlands Institute for Registered Accountants
 - Mr. Belverd Needles, Professor, DePaul University, United States of America
 - Mr. Mike Walsh, Special Projects Consultant, Association of Chartered and Certified Accountants
 - Mr. Gert Karreman, Professor, Leiden University, Netherlands
 - Mr. Kurt Ramin, Special Adviser, Accountability

Mr. Brice Martinez, Kingston Development, Switzerland
Mr. Thomas Krantz, Senior Adviser Capital Markets, Thomas Murray Company;
Ambassador for the International Integrated Reporting Council; former Secretary
General of World Federation of Exchanges
Ms. Lois Guthrie, Executive Director, Climate Disclosure Standards Board
Ms. Eszter Vitorino, Manager Government Relations, Global Reporting Initiative
Ms. Celine Kauffmann, International Regulatory Cooperation Project Manager,
Organization for Economic Cooperation and Development Regulatory Policy
Division
Mr. Doug Morrow, Vice-President, Research, Corporate Knights, Canada
Ms. Tamara Hardegger, Product Manager, Environmental, Social and Governance
(ASSET4), Thomson Reuters, United Kingdom of Great Britain and Northern
Ireland
Mr. Axel Kravatzky, Chairman and Principal Consultant, Syntegra Change
Architects, Trinidad and Tobago
Mr. Dennis Brown, Financial Consultant, Institute of Chartered Accountants of
Jamaica
Ms. Gabriella Kusz, Senior Technical Manager, Member Body Development,
International Federation of Accountants
Mr. Vickson Ncube, Chief Executive, Pan-African Federation of Accountants
Ms. Maria Teresa Venuta, Secretary General, Federation of Mediterranean
Accountants
Mr. Kurt Ramin, Former Chair, XBRL International



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Twenty-ninth session
Geneva, 31 October–2 November 2012

**Report of the Intergovernmental Working Group
of Experts on International Standards of
Accounting and Reporting on its twenty-ninth
session**

Corrigendum

Paragraph 3, line 2

For issues read main trends
