

# CORPORATE ACCOUNTING AND REPORTING

## AIMING AT TRANSPARENCY



### GLOBAL CONTEXT

The increasing pace of globalization has created a strong interdependence and connectivity among worldwide financial markets. Compliance with a series of international standards, codes and regulations applicable to corporate reporting has become an essential requirement for countries to continue attracting financial resources. Consequently, a sound accounting infrastructure that enables high-quality corporate reporting has become critical for facilitating economic development. Such an accounting infrastructure strengthens investors' and other stakeholders' confidence and enhances comparability, transparency, credibility and financial stability. A strong reporting system facilitates international flows of financial resources and regional economic integration, while helping to reduce corruption and the mismanagement of resources. In addition, the non-financial information component of corporate reporting makes companies and organizations accountable for the social and environmental impacts that their activities produce, and provides a link between enterprise reporting and the Sustainable Development Goals. Finally, accounting infrastructure elements related to microenterprises and SMEs play an essential role in fostering financial inclusion and access to finance.

The challenge for many countries, however, continues to be the adoption and effective implementation of international standards. Developing countries, LDCs and countries with economies in transition often struggle to comply with such requirements. UNCTAD, through its Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, developed the Accounting Development Tool with a view to responding to those challenges. The Tool has two main components: an accounting development framework for high-quality corporate reporting; and a related assessment questionnaire, consisting of detailed questions on important elements of an effective accounting infrastructure, based on international best practices.

UNCTAD is mandated to advance its work on international standards of accounting and reporting, and to promote best practices in corporate transparency and accounting, including through the use of the Accounting Development Tool.



### HOW DOES THE ACCOUNTING DEVELOPMENT TOOL WORK?

The Accounting Development Tool enables beneficiary countries to voluntarily assess their accounting infrastructure, including national institutions, regulations, human resources and processes, against international requirements for high-quality corporate reporting. The Tool also promotes an open and constructive dialogue among all



### PROGRAMME FACTS AND FIGURES

**Scope:** All regions

**Start date:** 2012

**Countries assisted:** 15

**Ongoing or upcoming assessments:** 3

**Website:** [unctad.org/isar](http://unctad.org/isar)

**Accounting Development Tool website:**  
[adt.unctad.org](http://adt.unctad.org)

**Sustainable Development  
Goals addressed:**

**Directly:** 12 and 17

**Indirectly:** 9, 13 and 16



stakeholders involved in the reporting supply chain which is required for conducting successful accounting reforms. It is designed to provide guidance to stakeholders and policymakers on the current level of development of a country's accounting infrastructure in order to identify gaps, determine priority areas for further development and design and implement sustainable strategies and action plans towards convergence with international standards and practices.

The Accounting Development Tool provides a quantitative benchmark of a country's position at a particular point in time and its progress towards increased implementation of international standards and practices. Dynamic graphical quantitative information can be generated on strengths and weaknesses at different levels of detail. The Tool also features an Internet-based platform, currently available in English, French, Russian and Spanish, through which assessments can be conducted.



## RESULTS AND IMPACT AT A GLANCE

The impact of assessments conducted through the Accounting Development Tool is evidenced in the commitment of countries to implement the Tool and endorse the resulting recommendations through action plans. As at 2017, 15 countries had implemented the Accounting Development Tool. In some cases, countries have implemented the Tool more than once, in order to obtain a quantitative assessment of progress in enacting accounting reform, thereby showcasing the Tool's status as a relevant policymaking guidance instrument.

In 2016, delegates at the thirty-third session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting encouraged the UNCTAD secretariat to continue updating the Accounting Development Tool, based on feedback from member States on its practical implementation and responding to new challenges in the area of sustainability reporting. They also requested UNCTAD to continue raising awareness of the availability of the Tool, to continue promoting its application by member States.

Governments have found the recommendations stemming from applying the Tool to be useful and have implemented them. Such impact has been continuously noted since the thirty-first session of the Intergovernmental Working Group of Experts, most recently at the thirty-fourth session in 2017.

*"[The] Accounting Development Tool has helped Kazakhstan develop an action plan and concrete recommendations for the improvement of the corporate reporting infrastructure."*

Arman Bekturova,  
Director, Ministry of Finance, Kazakhstan

*"The Accounting Development Tool has allowed Colombia to establish a rigorous diagnostic of the state of national regulations, institutions and practices, as well as lay the foundation for national stakeholder coordination mechanisms in support of accounting reform."*

Wilmar Franco,  
President, Technical Council of Accounting,  
Ministry of Trade and Industry, Colombia

*"Between 2012 and 2017, three rounds of Accounting Development Tool implementation have provided the Russian Federation with a dynamic full-scope assessment of its progress on achieving a high-quality accounting environment."*

Leonid Shneydman, Head, Regulations of  
Accounting, Financial Reporting and Auditing,  
Ministry of Finance, Russian Federation



## DONORS/ FUNDING SOURCE

**Current:** Association of Chartered Certified Accountants (United Kingdom)

**Past:** Côte d'Ivoire, Ecuador, the Netherlands Institute of Chartered Accountants, Association of Chartered Certified Accountants (United Kingdom), Deloitte, Ernst and Young, FBK, KPMG and Pricewaterhouse Coopers

