

Brief: Intergovernmental Group of Experts on International Standards of Accounting and Reporting (ISAR)

This brief is part of a series aimed to provide background information on the ECOSOC subsidiary bodies. Briefs include (i) policy dialogue and guidance; (ii) guiding and promoting a coherent and coordinated UN system; (iii) subsidiary bodies; (iv) relationship with the General Assembly, Security Council, the Peacebuilding Commission and the Human Rights Council; (v) countries in special situations; and (vi) addressing emergency issues.

Mandates:

The Council, in its resolution [1979/44](#)¹ of 11 May 1979, established the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. By resolution [1982/67](#)² of 27 October 1982, the Council established the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). ISAR was designated the United Nations focal point on accounting and corporate governance matters.

ISAR's initial mandate was as follows: (a) serve as an international body for the consideration of issues of accounting and reporting falling within the scope of the work of the Commission on Transnational Corporations, in order to improve the availability and comparability of information disclosed by transnational corporations; (b) review developments in this field, including the work of

standard-setting bodies; and (c) concentrate on establishing priorities, taking into account the needs of home and host countries, particularly those of developing countries.

In addition, the Council decided that the Group should report to the Commission on Transnational Corporations on further steps to be taken in pursuit of the long-term objective of the international harmonization of accounting and reporting within the scope of the work of the Commission, particularly with regard to the comprehensive information system and the code of conduct on transnational corporations then being formulated, on the understanding that duplication of work should be avoided. Pursuant to General Assembly resolution [49/130](#) of 19 December 1994, the Intergovernmental Working Group, along with the Commission on Transnational Corporations, has been incorporated into the institutional machinery of the United Nations Conference on Trade and Development.

«Current mandate and focus on the 2030 Agenda for Sustainable Development»

Since its creation, in accordance with its mandate, ISAR has been assisting member States in their efforts towards implementation of international standards, codes and best practices to promote harmonization and improvement of quality of enterprise reporting to facilitate financial stability, international and domestic investment, social and economic progress. It achieves these objectives by facilitating the exchange of views and best practices, building consensus, developing guidance documents, and providing technical assistance on issues related to both financial and sustainability/SDG reporting. This work is conducted through the annual sessions of ISAR, as well as associated workshops and roundtables, research and capacity building activities. ISAR's work is coordinated by the United Nations Conference on Trade and Development (UNCTAD), and its Enterprise Branch serves as ISAR's Secretariat, providing substantive and administrative support to its activities.

At its last Quadrennial Ministerial Conference, UNCTAD XIV, the Nairobi Maafikiano³ stated in its paragraph 10 that UNCTAD “*should contribute to the implementation of and follow-up to the outcomes of relevant global conferences, including the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and, as appropriate, the Paris Agreement under the United Nations Framework Convention on Climate Change, among other relevant international agreements and outcomes. While enhancing its work in support of addressing the trade and development challenges of all developing countries across all regions...*”

In addition, paragraph 76 y) stated that UNCTAD should “*Advance its work on international standards of accounting and reporting, and promote best practices in corporate transparency and accounting, including through the use of its*

¹ E/RES/1979/44

² E/RES/1982/67

³ https://unctad.org/meetings/en/SessionalDocuments/td519add2_en.pdf

Accounting Development Tool, in coordination with international efforts in the field of sustainability accounting as appropriate;”

Therefore, since 2015 ISAR has been addressing issues on enhancing the role of enterprise reporting in implementation of the 2030 Agenda for Sustainable Development and its monitoring mechanism. In particular, it has been assisting member States in their efforts to improve quality and comparability of companies reports on their SDG related performance. Towards this end, UNCTAD-ISAR developed its *Guidance on Core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals (GCI)*⁴ which was launched at the World Investment Forum of UNCTAD in 2018 and published in 2019.

«Financial inclusion»

The Addis Ababa Action Agenda (AAAA) emphasized the importance of generating full and productive employment for all and promoting MSMEs which create the vast majority of jobs in many countries. One of the major obstacles that MSMEs face in their access to finance, when they initially start or need to scale up their operations – is setting and maintaining proper accounts and generating meaningful financial statements. In order to address the needs of MSMEs, at the request of its member States, ISAR developed the Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises Level 3 Guidance (SMEGA level 3)⁵, which was originally published in 2003 and revised in 2009. This guidance applies to the smallest entities that are often owner managed and have few employees. It proposes a simple accruals-based accounting, but closely linked to cash transactions and taxation.

«ISAR Membership»

While ISAR annual sessions are open to all member and observer States of UNCTAD, ISAR has 34 formally elected members. The ISAR membership⁶ includes nine African, seven Asian, six Latin American, three Eastern European, and nine Western European and Other States as members. The membership is on a rotational basis which allows interested member States to join the Group to play a proactive role in improving harmonization and quality of sustainability and SDG reporting by companies towards maximizing a positive impact of the private sector on the SDG agenda.

More information on ISAR and its membership could be found at <https://isar.unctad.org/about/>.

⁴ UNCTAD, 2019, *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals* (United Nations publication, Sales No. E.19.II.D.11, Geneva). <https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2469>

⁵ https://unctad.org/en/Docs/diaeed20092_en.pdf

⁶ <https://isar.unctad.org/isar-membership/>