



High-Level Meeting on Accounting for Development

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STATEMENT OF

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Ladies and Gentlemen, my name is Martin Turner and I am the Vice President of ACCA, the global body for professional accountants.

Thank you for inviting me to speak today at this important and timely event.

Before this conference, UNCTAD-ISAR set the scene for us all by saying:

“Accounting plays an essential role in economic development. High quality corporate reporting is a key to improving transparency, facilitating the mobilization of domestic and international investment, creating a sound investment environment and fostering investor confidence, promoting financial stability.”

I am sure that everyone in this room today would agree wholeheartedly with this sentiment.

The accountancy profession operates on an increasingly global stage. Globalisation is a trend that is affecting capital markets, financial reporting standards and the exchange of goods and services around the world.

Because accountancy is the language of business, the profession binds the global market place together. It helps with capacity-building initiatives in very practical and tangible ways, from professional bodies working with learning providers and employers to train the accountants the world needs, to providing clear, credible and consistent financial information that can help investors, governments and regulators make meaningful decisions about future strategies.

Prior to this event, I was asked to think about how the role of accounting and high quality reporting can facilitate economic growth. How can the profession bring about financial stability and reform financial architecture or systems that are prone to financial shocks?

I do not claim to have all the answers. But the competence of professional accountants and their ability to promote an agenda of sustainable, ethical business must provide a key to the answer.

Professional accountants abide by rules of professional conduct and ethics, and they are trained to deliver public value. And they keep their skills up to date by taking their own continuing professional development seriously. They are capable communicators who can explain the technicalities and intricacies of their job to non-finance experts.

I think another part of the answer lies in the establishment of consistent standards of accountancy all around the world – which is what I believe investors, business and the wider public want and expect of our profession.

For this reason, ACCA welcomes the development of the UNCTAD / ISAR Capacity Building Framework. We are pleased to have been able to contribute to its development, to help build the strong framework that is built on four solid pillars.

These are:

ACCA is proud to be playing an active role in UNCTAD's efforts, providing technical resources and support for the questionnaires and round-table discussions that form part of the worldwide capacity-building project. To remind us all, the main pillars are:

- the legal and regulatory structure
- the institutional framework
- human capacity, and
- the capacity-building process itself.

Out of these four pillars, perhaps the most challenging is developing sufficient human capacity at the right level.

I single out this pillar because there is no quick way of building human capacity. It requires a long term commitment to education and training. It is true that without the right framework and processes, it will not be possible to develop people with the necessary skills and expertise. But it is also true that without the development of people, there can be no long-term solution to creating sound and ethical approaches to accountancy, whether audit, assurance, tax or wider financial management.

But of course this is not the whole picture. Countries need to adopt the appropriate legal and regulatory frameworks, but this is not enough without credible implementation mechanisms. And countries need to put in place the proper

institutional structures to ensure these mechanisms work effectively, and they also need a rolling long term strategy to make these changes happen.

I therefore applaud the work of UNCTAD in this area of capacity building.

I was also asked to cover in my introduction sustainable development and the accountancy profession. Just what role does environmental, social and corporate governance (ESG) disclosure play in promoting sustainable development?

Clearly, it has an important and a key role, and a role in which the accountancy profession must take part. Indeed, I believe that professional accountants have the skills required to add huge value in these areas.

Organisations such as Accounting for Sustainability, the Global Reporting Initiative and the International Integrated Reporting Council are all working to develop a new internationally accepted approach to reporting. This new approach to integrated reporting will - and I quote from the IIRC - *“provide a more comprehensive information about the full range of an organisation’s impacts and performance, past and future, in a clear, concise, consistent and comparable manner.”*

It is clear to me that an integration of these areas into the reporting process are essential for the accountancy profession as part of its response to a sustainable future – both in terms of creating long-term value for investors, and in terms of a sustainable planet.

Effective governance is clearly an essential part of the effective organisation – indeed, research continues to suggest that effective governance increases shareholder returns. ACCA’s own research among investors suggests that enhancements to governance can enhance investor confidence.

And the skills of accountants are increasingly in demand in moderating the impacts of climate change and other areas of the environment – issues which will be a focus of the forthcoming Rio +20 conference in June.

ACCA is proud to be part of the Corporate Sustainability Reporting Coalition, convened by Aviva Investors, alongside UNCTAD, GRI, the UN Global Compact, WWF and others.

This Coalition is calling for intergovernmental support to make corporate sustainability reporting a “report or explain” requirement for all listed companies and large firms. If this is ultimately to be successful – and I certainly hope that concerted action will lead to a positive response from policy makers around the world – then professional skills will be essential to driving change through the organisations they work in wherever they are based.

So in conclusion, these are areas which can enhance sustainable business. And they are areas which are the natural domain of the professional accountant – but we will need to ensure we develop skills to ensure accountants can offer public value and expertise in these areas. Which brings me back to capacity building. Just as UNCTAD is helping to develop capacity in accountancy, it may be that we should also consider ways in which we can develop capacity in these wider Environmental, Social and Governance – or ESG - areas which are rapidly becoming core requirements for business.

Ladies and gentlemen, thank you for listening.