



IPSASB

International Public
Sector Accounting
Standards Board®

AGENDA ITEM 7

SUSTAINABILITY RESEARCH AND SCOPING

IPSASB CAG Meeting – December 2024

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Riyadh, Saudi Arabia

Agenda Item 7.1

Advancing Public Sector Sustainability Reporting



May 2022



Consultation Paper,
Advancing Public Sector
Sustainability Reporting

Dec 2022

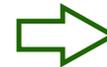
IPSASB CONFIRMS ITS ROLE IN ADVANCING PUBLIC SECTOR SUSTAINABILITY REPORTING

Building on strong stakeholder support, the international public sector standard setter takes the next step in advancing public sector sustainability reporting pending securing the resources needed to begin guidance development

Dec 8, 2022 | New York, New York | English

3 priority projects for research and scoping:

- 1 General sustainability-related disclosures
- 2 Climate-related disclosures
- 3 Natural resources non-financial disclosures



Scoping assumptions

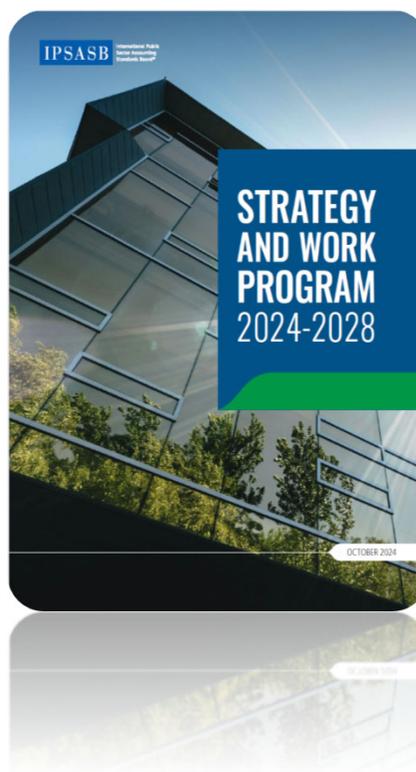


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Next Steps: Reflection of Priority Projects



Important foundation and reference point for potential future projects



PREVALENCE



URGENCY



CONSEQUENCES



FEASIBILITY

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The CF and IPSASB's Role in Sustainability Reporting

Strategic Objective

Strengthening Public Financial Management (PFM) and sustainability development globally through increasing adoption and implementation of accrual IPSAS and international public sector sustainability reporting standards

Objective of the IPSASB



Terms of Reference



Preface to IPSAS

The objective of the IPSASB is to serve the public interest by developing high-quality accounting and other publications for use by public sector entities around the world in the preparation of GPFRs.

Objective of Financial Reporting

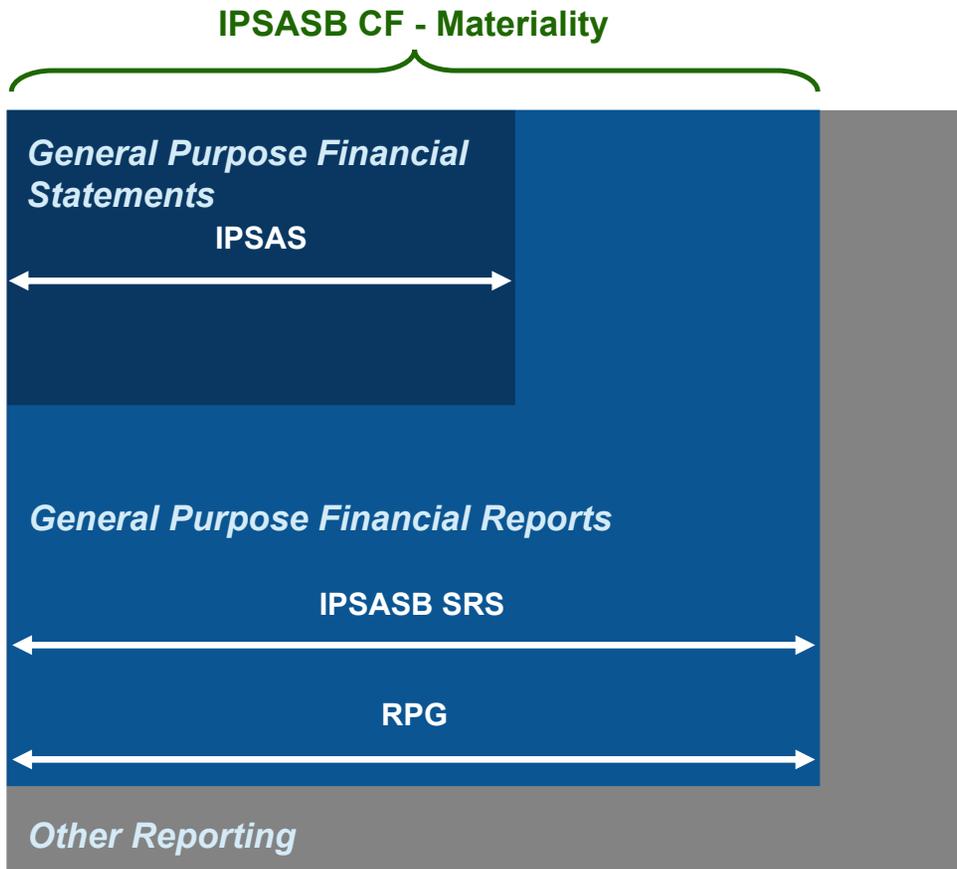


IPSASB Conceptual Framework

The objectives of financial reporting by public sector entities are to provide information about the entity that is useful to users of GPFRs for accountability purposes and for decision-making purposes.

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The IPSASB's Remit Relative to Reporting Landscape



IPSASB Conceptual Framework

The IPSASB CF extend to GPFRs, which are broader than GPFs because they can include information that *enhances, complements, and supplements* the GPFs. Information in GPFs remains at the core of GPFRs.

Importance of IPSASB's Remit



Guides scoping of potential sustainability projects



Clarifies positioning of IPSASB SRS in sustainability reporting landscape

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Evaluating Potential Projects



Important foundation
and reference point for
potential future projects



PREVALENCE



CONSEQUENCES



URGENCY



FEASIBILITY

- 1 Authoritative guidance based on RPG 1 and/or RPG 3
- 2 General sustainability-related disclosures
- 3 Nature-related disclosures

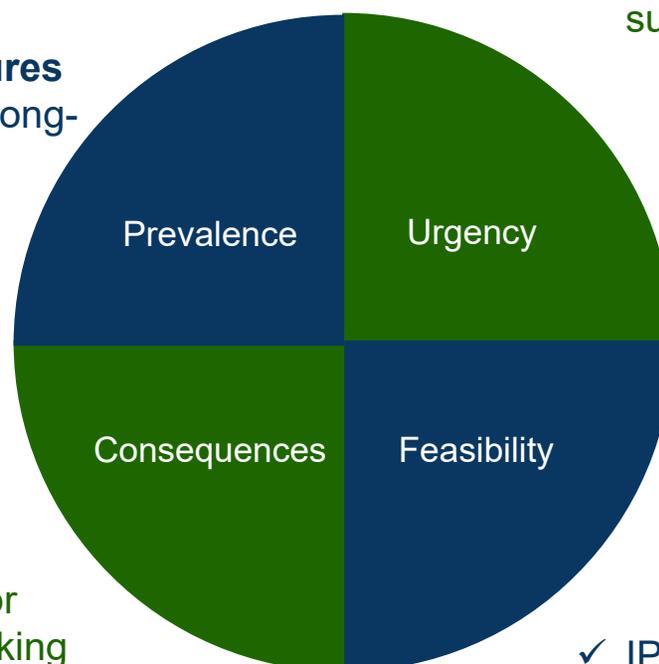
Authoritative Guidance Based on RPG 1 and 3

- Governments facing **increased financial strain**

- **Growing demand for disclosures** on performance indicators and long-term fiscal sustainability

- Need for **authoritative guidance to drive adoption**

- To provide useful information for accountability and decision-making



- Increasing importance of long-term fiscal sustainability and service performance

- **Critical for investment needed**, maintaining access to capital markets

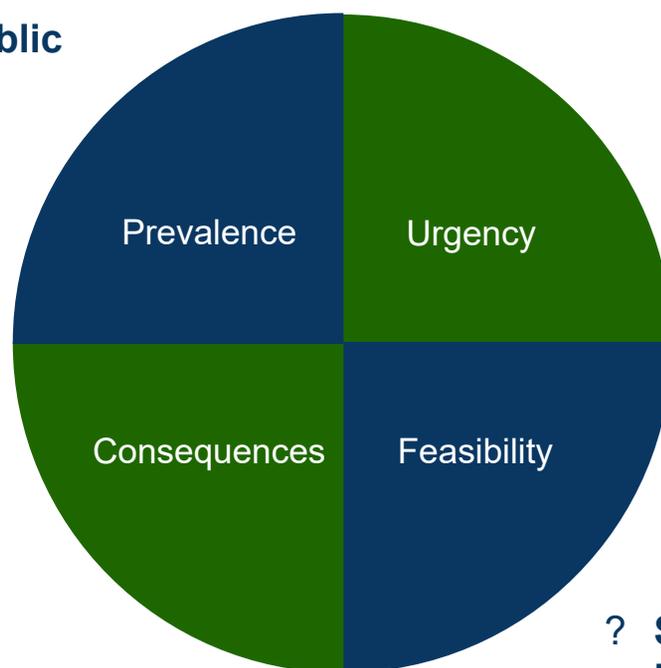
- ✓ **Strong foundation from IPSASB literature**

- ✓ **Significant progress** since RPG 1 and RPG 3

- ✓ IPSASB CF supports RPG development

General Sustainability-related Disclosures

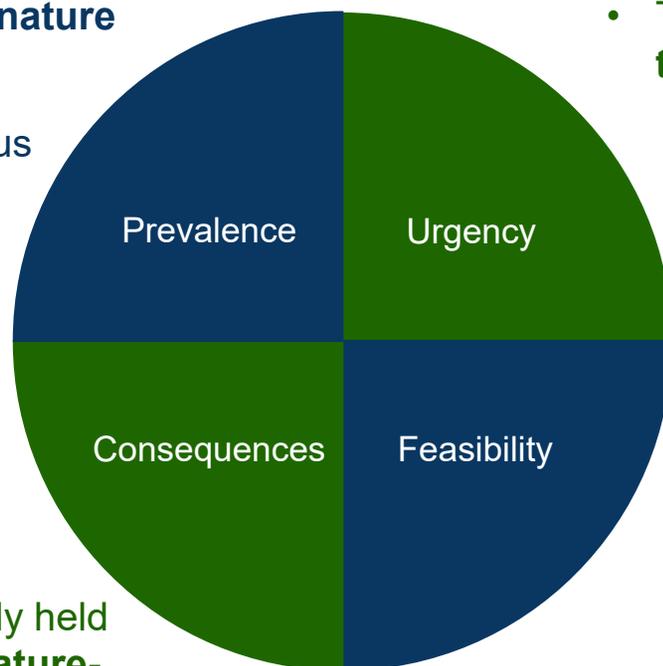
- **Broad societal role of the public sector**
- Sustainability-related risks and opportunities directly affect cross-cutting responsibilities
- Ensuring that entities disclose adequate **information on all aspects of sustainability for accountability and decision-making**



- **Address the needs relating to other specific sustainability-related topics, without specific standards**
- ✓ Existing IFRS S1 private sector guidance that can be adapted
- ? Ongoing consultation of the IPSASB SRS ED 1, which includes parts of S1
- ? Scope / Extent of sustainability-related information under IPSASB's remit
- ? Potential implementation challenges

Nature-related Disclosures

- Public sector as a **steward of nature**
- **Increasing global focus on nature** as a critical area of focus



- The public sector is increasingly held **accountable for managing nature-related risks and opportunities**

- The GBF sets **targets for 2030**, with **timelines rapidly approaching**
 - Yet, there is currently no international public sector standard on nature-related disclosures

? Relevant **private sector guidance is still recent and evolving (i.e. ISSB BEES)**

? Connections to insights from the **ongoing consultation of IPSAS ED 92, *Tangible Natural Resources***

? **Scope of nature-related information**

? **Potential implementation challenges**

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Background: RPG 1 and RPG 3



July 2013

Mar 2015

May 2023



RPG 1

Recommended Practice Guide
Reporting on the Long-Term
Sustainability of an Entity's
Finances

RPG 1



Reporting on the Long-term
Sustainability of an Entity's Finances



RPG 3

Recommended Practice Guide
Reporting Service
Performance Information

RPG 3



Reporting Service Performance
Information



RPG

Recommended Practice Guide™
Reporting Sustainability Program
Information—Amendments to RPGs
1 and 3. Additional Non-
Authoritative Guidance

**Amendments to
RPGs 1 and 3**



Reporting Sustainability Program
Information



Non-Mandatory



Best Practices

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Background: General Sustainability-related Disclosures



Consultation Paper, *Advancing Public Sector Sustainability Reporting*

Public sector sustainability reporting - key driving factors



Growing global interest

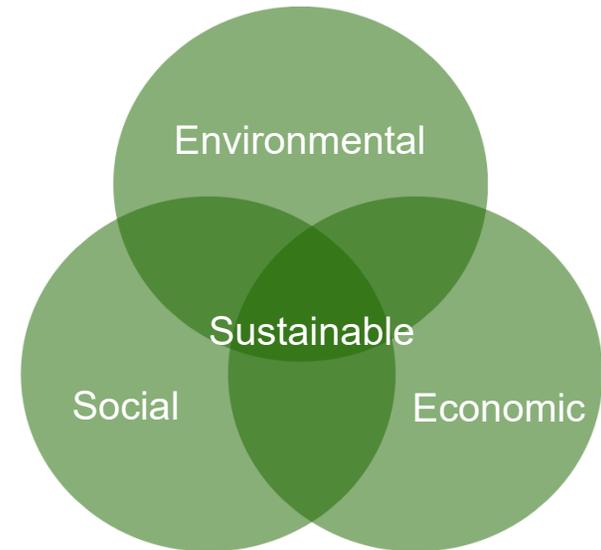


Maintaining access to capital markets



Lack of a public sector standard

SUSTAINABLE DEVELOPMENT GOALS



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Background: Nature-related Disclosures



Natural Capital Protocol



TNFD Recommendations



GRI 101: Biodiversity 2024



2012

2021

2022

2023

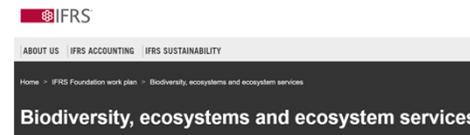
2024



UN System of Environmental-Economic Accounting (SEEA) Central Framework



Kunming-Montreal Global Biodiversity Framework (GBF)



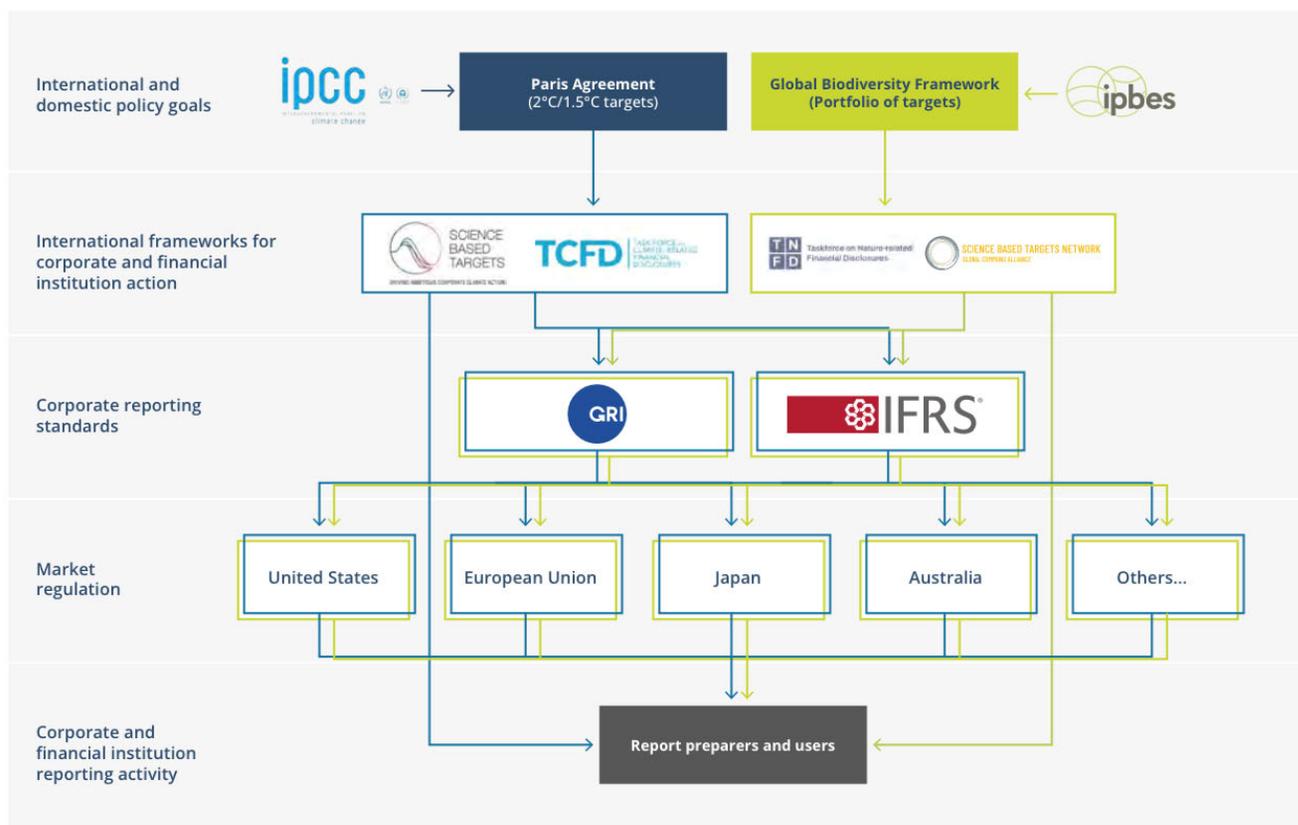
ISSB begins research project: Biodiversity, Ecosystems, and Ecosystem Services (BEES)



IPSAS ED 92, Tangible Natural Resources

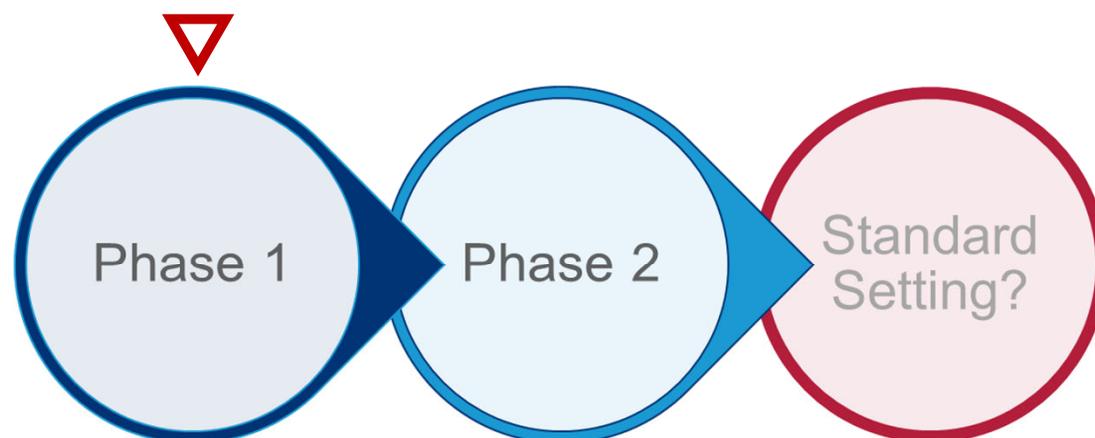
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The emerging global reporting architecture for nature



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ISSB: Biodiversity, Ecosystems, and Ecosystem Services (BEES) Research Project



Building the foundation

- Seek to build a baseline level of knowledge and understanding across a set of clearly defined research areas

Analysing implications

- draw out insights and implications—for example, using findings to develop a framework of key concepts
- assess the information expected to be provided by applying IFRS S1 relative to the common information needs of users

Recommending an approach

- Recommend on necessity and feasibility of standard-setting
- Decision point for beginning the development of a consultation document

From the ISSB presentation to SRG in October 2024

Sustainability: Research and Scoping

Question for CAG members

- What are CAG members' views on the role of the IPSASB in sustainability reporting, within the broader reporting landscape (see Paragraph 10 i.e. beyond GPFRs)?
- How would you recommend the IPSASB's remit guide the research and scoping of future sustainability reporting projects?
- What comments do CAG members have for the IPSASB to consider in prioritizing its future projects within the IPSASB's sustainability work program?

