



International Public  
Sector Accounting  
Standards Board®

AGENDA ITEM 7

# SUSTAINABILITY RESEARCH AND SCOPING

IPSASB CAG Meeting – December 2024

Celine Chan, Principal

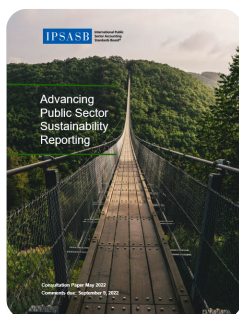
Riyadh, Saudi Arabia



## 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

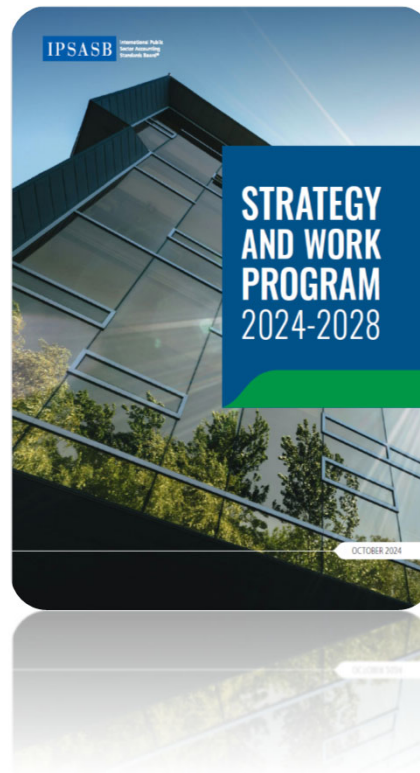


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# Next Steps: Reflection of Priority Projects



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

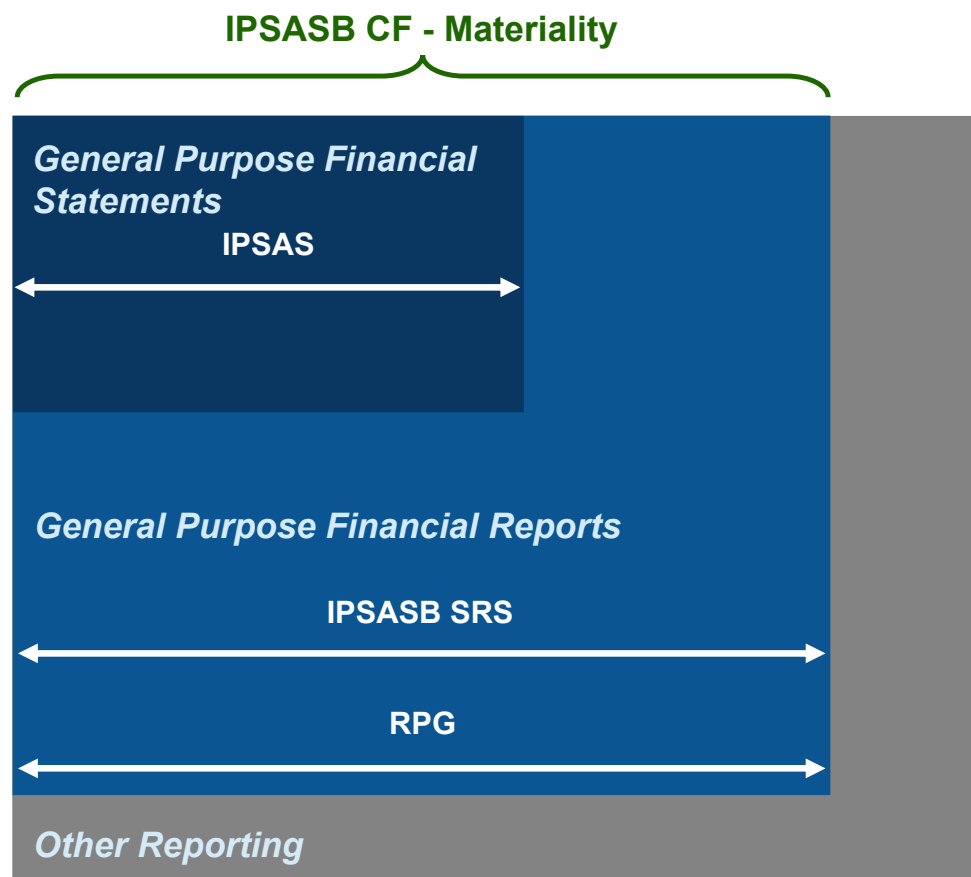


IPSASB Conceptual Framework

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

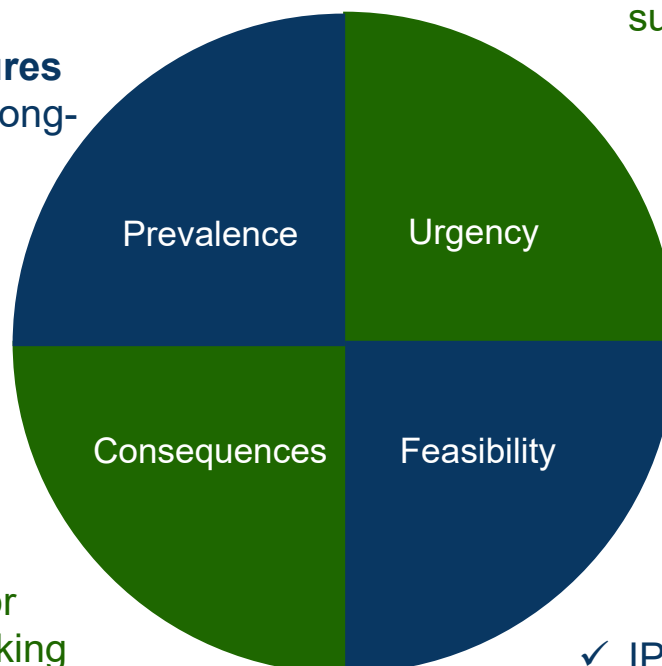
# Authoritative Guidance Based on RPG 1 and 3

- 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

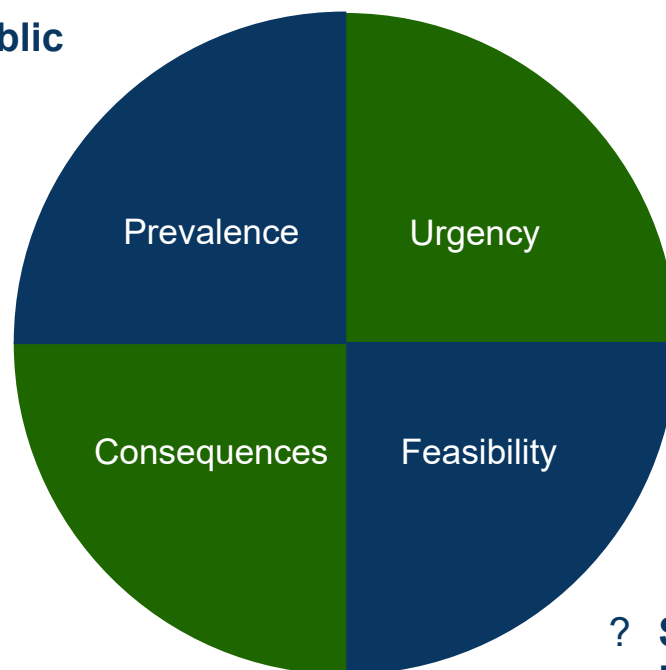
- ✓ **Strong foundation from IPSASB literature**

- ✓ **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**



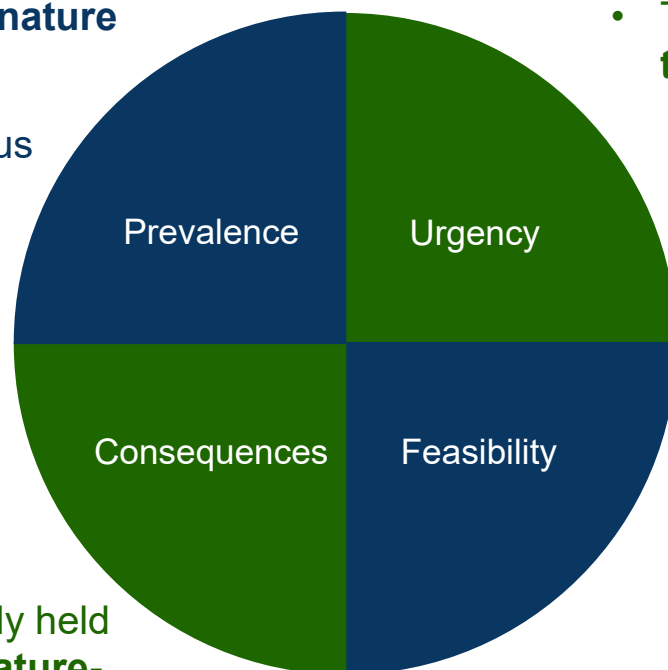
- **Address the needs relating to other specific sustainability-related topics, without specific standards**

- ✓ **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**)

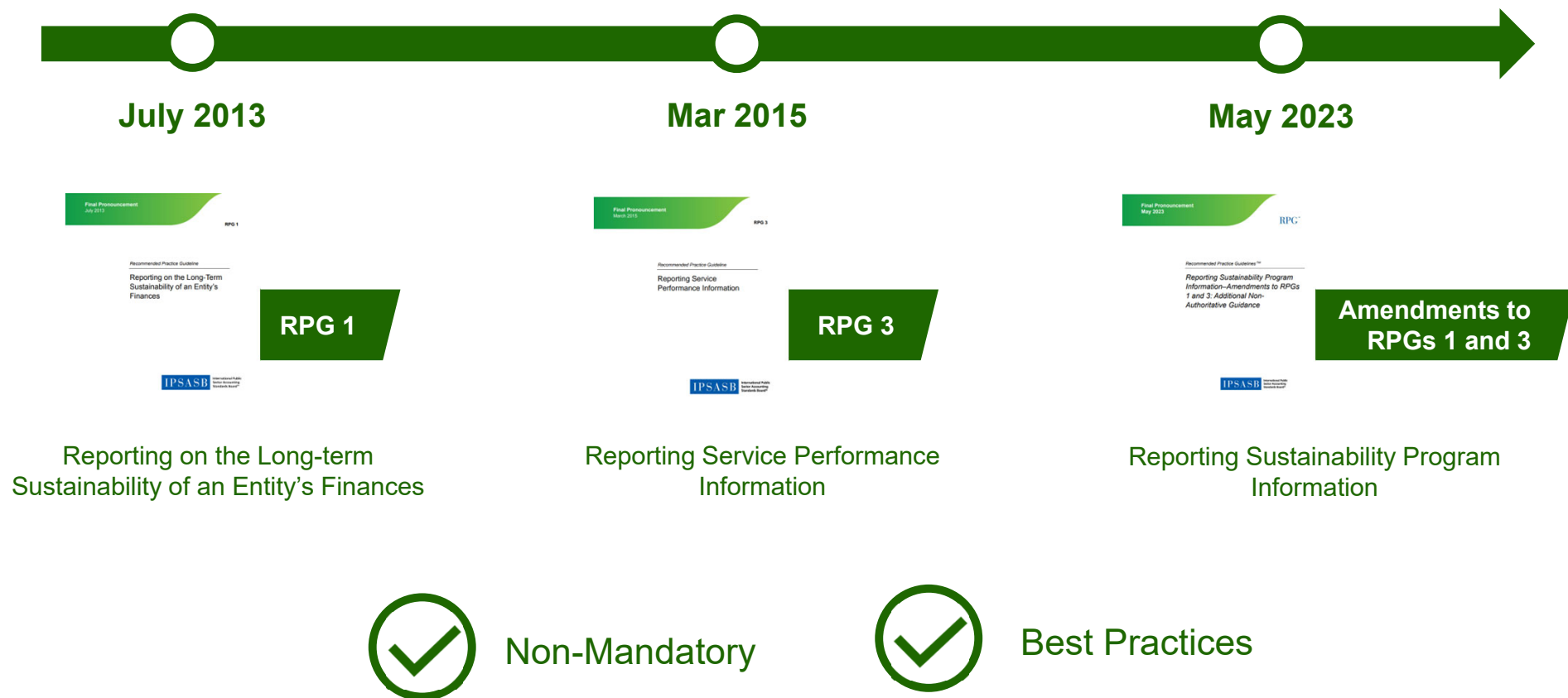
? Connections to insights from the **ongoing consultation of IPSAS ED 92, *Tangible Natural Resources***

? **Scope of nature-related information**

? **Potential implementation challenges**

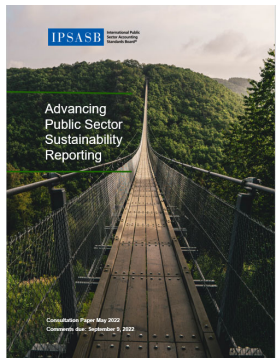
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# Background: RPG 1 and RPG 3



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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

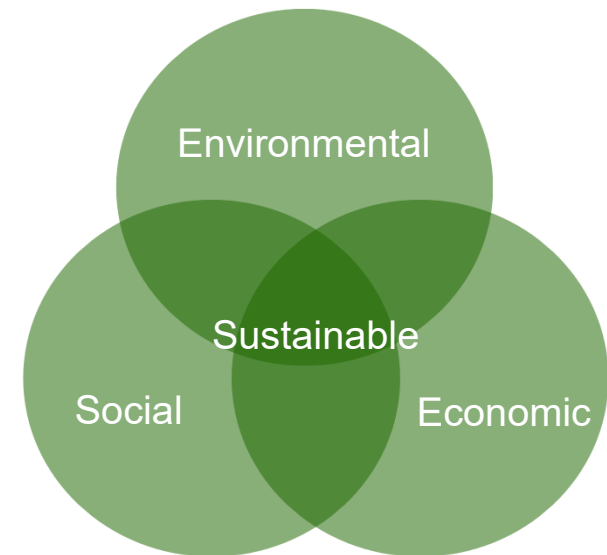


Maintaining access to capital markets



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

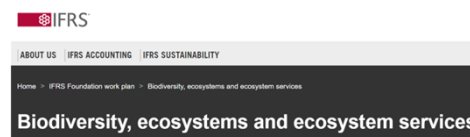


UN System of Environmental-  
Economic Accounting (SEEA)  
Central Framework



Kunming-Montreal  
GLOBAL BIODIVERSITY FRAMEWORK

Kunming-Montreal  
Global Biodiversity  
Framework (GBF)



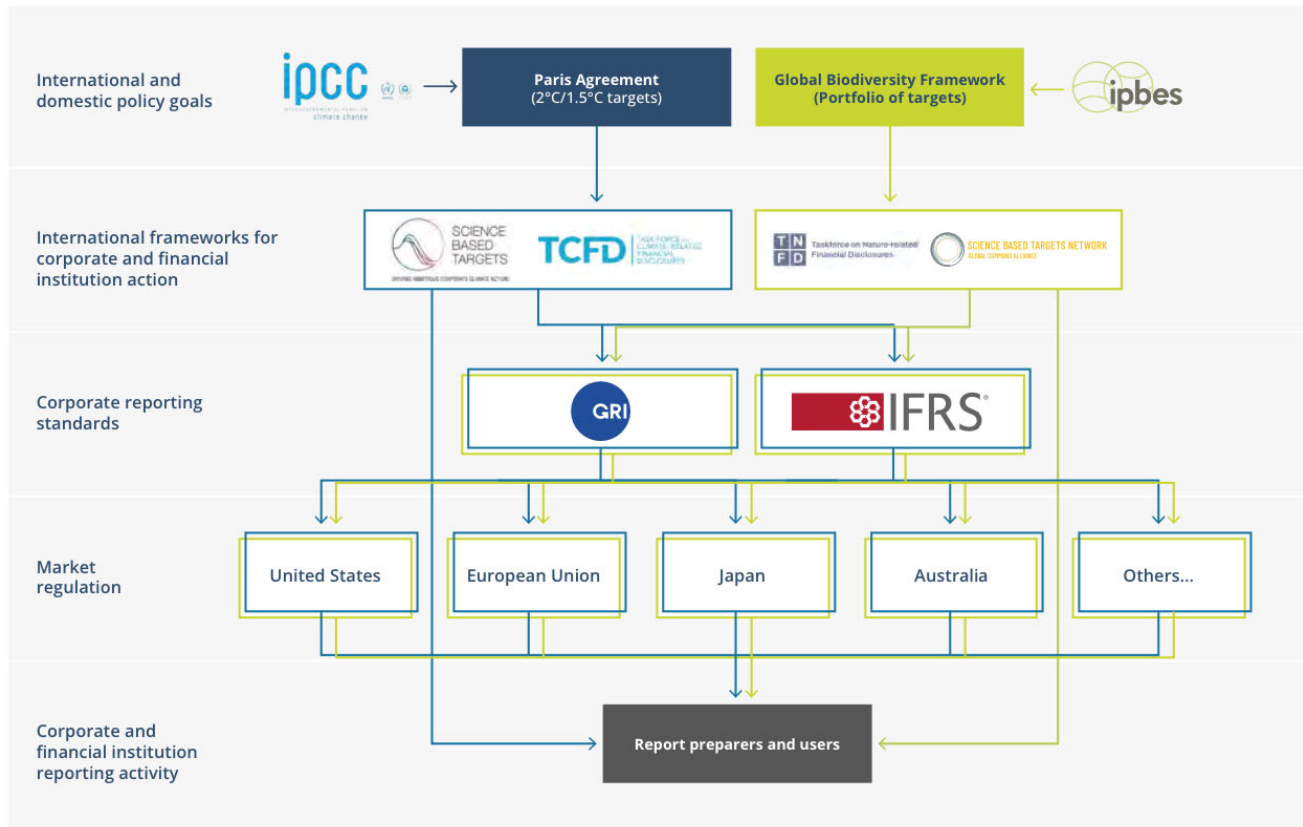
ISSB begins research project:  
Biodiversity, Ecosystems, and  
Ecosystem Services (BEES)



IPSAS ED 92,  
Tangible Natural  
Resources

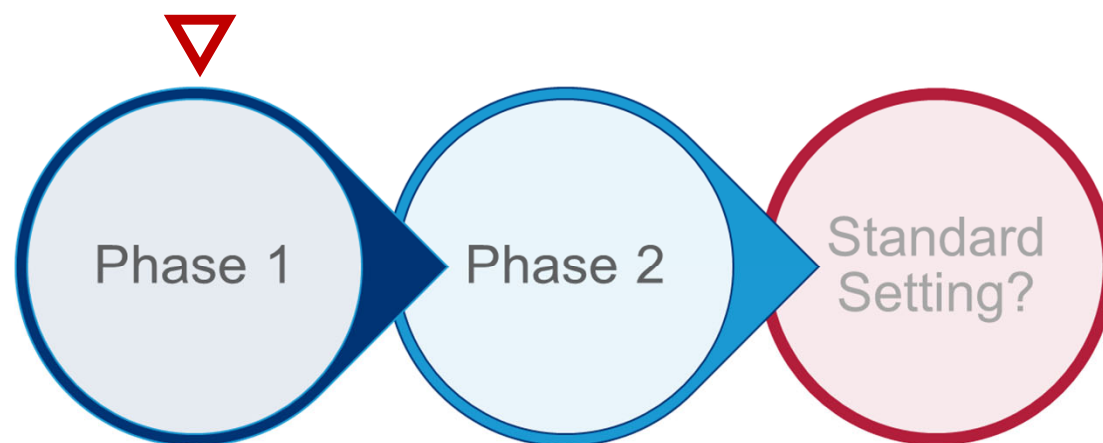
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# The emerging global reporting architecture for nature



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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?

