



IPSASB

International Public
Sector Accounting
Standards Board®

AGENDA ITEM 3

ADVOCATING THE BENEFITS OF
**IPSAS FINANCIAL
& SUSTAINABILITY**
REPORTING INFORMATION

IPSASB CAG Meeting – June 2025

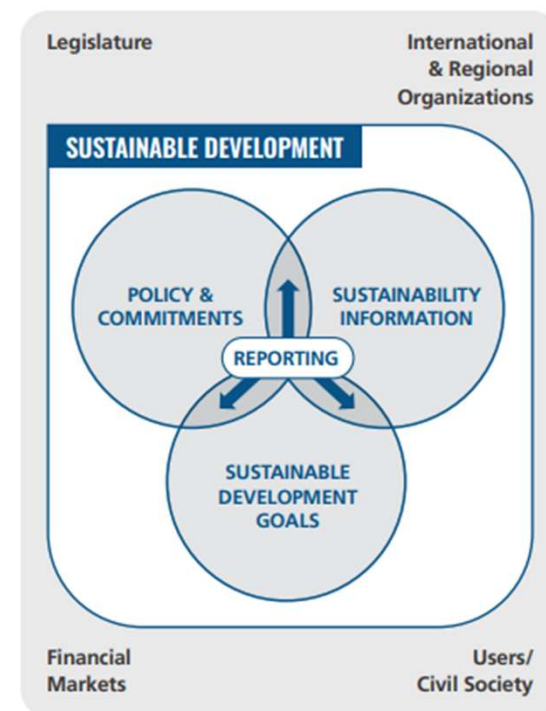
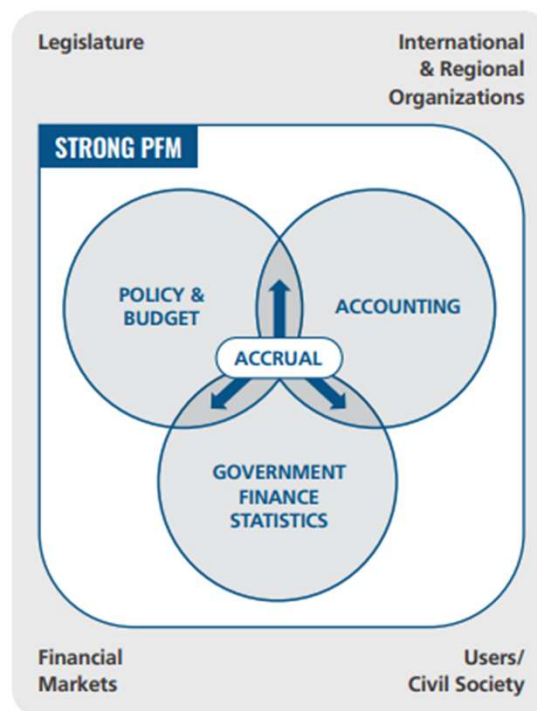
Toronto, Canada

Connection to 2024-2028 Strategy and Work Program

A key area of the IPSASB's
Strategy and Work Program...



...highlights the role of IPSAS financial and sustainability reporting **in the broader public sector landscape.**



Session Overview

OBJECTIVE



Support the IPSASB in advocating the benefits of financial and sustainability reporting in the public sector landscape

4 SPEAKERS



Financial reporting information to support strong PFM

Sustainability reporting information to support sustainable development

INTENDED OUTPUT



Consider the speakers' presentations, views, and experiences to:

- 1) Identify key benefits IPSAS financial and sustainability reporting, and the related information provided for various public sector stakeholders.
- 2) Articulate these benefits in a more compelling and universal way.

Benefits of **FINANCIAL REPORTING** INFORMATION



**SRINIVAS
GURAZADA**

*Global Lead, Public
Financial Management
(PFM), World Bank*

Benefits for PFM

**FLORIAN
CHATAGNY**

*Head of Financial Statistics,
Swiss Federation*

Benefits for PFM from the
statistical perspective



Advocating the Benefits of IPSAS Financial & Sustainability Reporting Information

Srinivas Gurazada

Global Lead, Public Financial Management

IPSASB CAG Meeting – June 9, 2025

Toronto, Canada



THE WORLD BANK



Why this report now?



ACCRUAL ACCOUNTING: A
GAME-CHANGER FOR
FISCAL MANAGEMENT



REAL WORLD
APPLICATIONS



PEFA SCORES BY
ACCOUNTING BASIS



CALL FOR ACTION



THE WORLD BANK

Accrual accounting: A game-changer for fiscal management

Governments are able to strengthen the following Fiscal management functions by adoption of accrual accounting:



Strengthening budgeting and fiscal planning



Improving debt and asset management

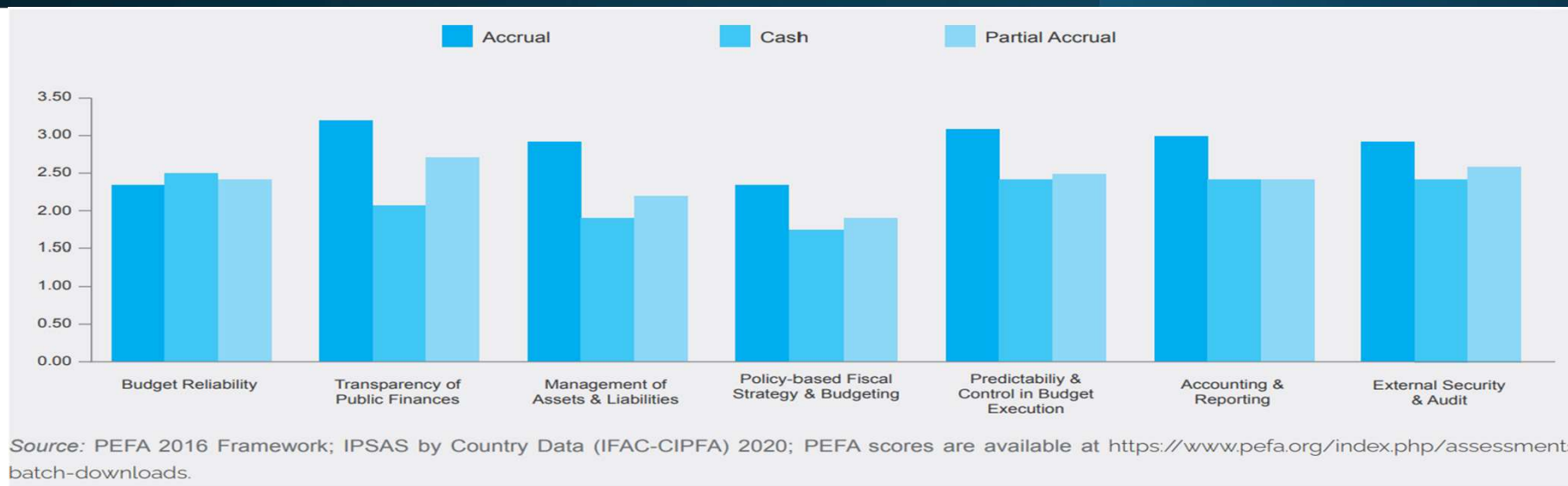


Addressing pension liabilities and intergenerational equity



Enhancing fiscal transparency and accountability

PEFA Evidence: Accrual Accounting & good PFM correlated



Comparative analysis indicates that countries applying accrual accounting reflect higher PEFA scores across PEFA pillars



The overall impact on PEFA scores depends on how well the accrual accounting system is implemented and integrated with other public financial management practices



Accrual accounting's recognition of revenues and expenses when they occur, rather than on a cash basis, allows for regular, timely financial reporting, which is reflected in PEFA scores.



Accrual accounting reaps benefits all through the journey



Rwanda –
Better receivables
management and fiscal
risks from SOEs



Chile –
Boost to long term
investment planning &
Public Investment
efficiencies



Vietnam –
Nation wide asset registers



Theory of Change: A Call for Action



Accrual Information matters in Budgeting

Phase 1:

- Initial adoption of Accrual Accounting Framework, Preparation of an opening balance sheet and Production of accrual-based financial statements:

Phase 2:

-Implementation of accrual-based planning and budgeting; Development of a performance measurement system and Integration of financial and nonfinancial performance data.



Overcoming Implementation Challenges

- Train staff to use and interpret accrual-based data
- Upgrade financial systems for accrual support'
- Apply phased implementation to reduce disruptions
- IPSAS and GFS harmonization



The Conversation Continues...

THANK YOU



BLOG:

<https://blogs.worldbank.org/en/governance/accrual-accounting--a-game-changer-for-fiscal-management>

REPORT:

<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099030125153013298>



THE WORLD BANK

 **Government Balance Sheet Lab**
Institutions

Benefits of **FINANCIAL REPORTING** INFORMATION



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Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Eidgenössisches Finanzdepartement EFD
Eidgenössische Finanzverwaltung EFV

Using IPSAS to compile GFS : benefits, challenges and potential ways forward

Florian Chatagny, Head of Financial Statistics, Federal Finance Administration, Switzerland

Presentation for the IPSASB Consultative Advisory Group (CAG)
09th of June 2025 – CAG Implementation Session



Benefits of IPSAS to compile GFS

- Both frameworks are basically **accrual** in nature. Correct timing of economic events is crucial to fiscal analysis
- Both promote a **comprehensive and granular coverage** of assets, liabilities, revenue and expenses
- Both promote respective consistent (but not similar) **valuation methods**
- Both focus largely on the **same entities, primary stakeholders and users**
- Standard based accounting data facilitate statistical **harmonization/aggregation** and improves **traceability/quality** of statistical data



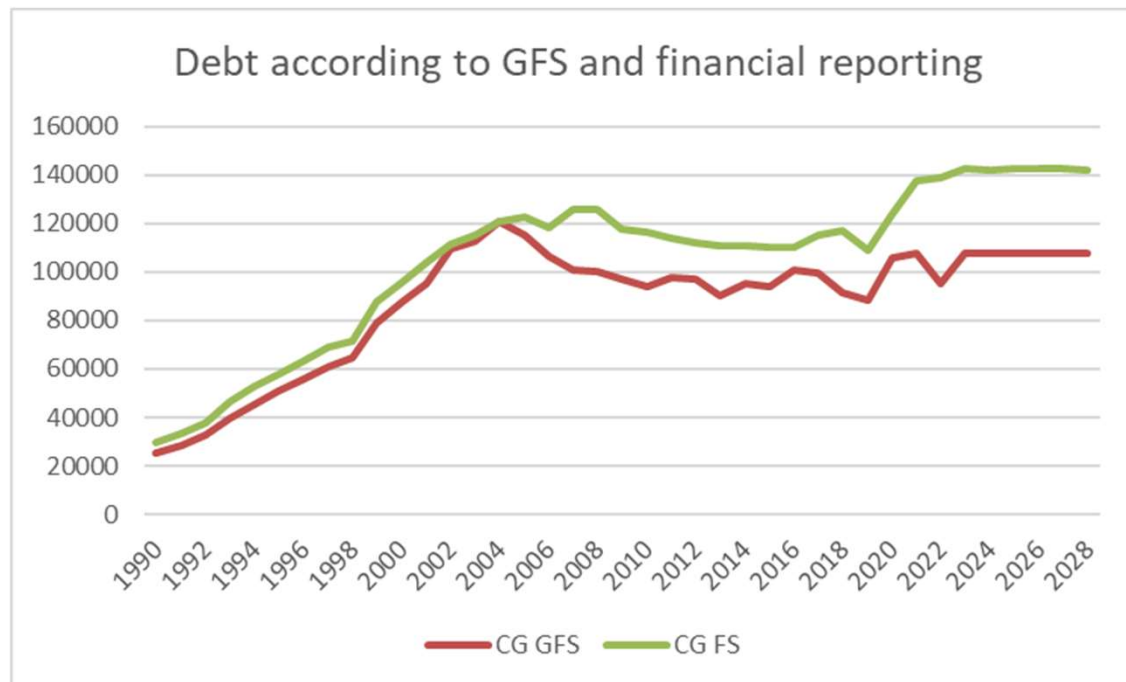
Barriers in achieving the benefits of IPSAS to compile GFS

- **Time of recording** transactions not always similar
- Definitions of revenue and expenses differ
- Use of different **valuation methods and recognition criteria** for similar stock or flow positions.
- IPSAS focuses on **short term comparability** → challenge for time series
- Very **dynamic and costly evolution** of IPSAS → obstacle to comparability between entities and to comparability over time
- Methodological differences require **skills** both in accounting and statistics



Benefits and barriers : some examples

Example of barriers: computing **debt indicators** for the **Swiss central government**



- differences in recognition criteria and valuation methods lead to different net debt levels
- GFS uses market value but a somewhat narrower scope
- GFS debt relevant for international comparisons and needs of international organisations (e.g. IMF Reviews)
- Financial reporting debt relevant for public finance management
- Challenge in terms of **policy making and communication**



Overcoming the barriers – some thoughts

- **Improving the alignment between IPSAS and GFS** as a short and long term objective:
 - Short term opportunities and initiatives:
 - IPSASB Project adopted in March 2025
 - GFSM2014 Update --> companion project on the alignment between GFSM and IPSAS. Alignment may also come from the GFS side.
 - Project on the presentation of financial statements → opportunities to align IPSAS more closely to GFS (at least partially)
 - Long term strategy
 - Establish the alignment with GFS as a **long term strategic priority**
 - Strengthening the cooperation with the IMF
- **Stabilizing the IPSAS framework** and reduce the rythm of modifications and extensions
- Implementing further guidance dealing with consistency and comparability of financial reporting across time (**time series**)



Conclusion

- IPSAS based financial statements have many benefits to compile GFS data and are an important data source
- There remains important barriers to achieving those benefits (timing of recording, recognition, measurement... etc.)
- Improving the **alignment between IPSAS and GFS should be a long term strategic priority of the IPSASB** since both framework mostly **focus on the same units** and **serve the same primary users and stakeholders**

→ Thanks for your attention!!

Benefits of **SUSTAINABILITY REPORTING** INFORMATION



**HEATHER
TAYLOR**

*FAAS Partner,
EY Canada*

Benefits from the economic
competitiveness perspective

**ALEX
METCALFE**

*Director,
Sustainable Public Finance*

Benefits for sustainable
development



IPSASB CAG

Public Financial Management Reporting

June 2025



The better the question. The better the answer. The better the world works.



Shape the future
with confidence

Standardized Sustainability Reporting– Benefits

Sustainability Standards

- 1 Enhanced Comparability and Consistency**
Comparable public sector information and reporting ensures capital markets can evaluate in a fair and competitive way.
- 2 Aligns Public Sector Entities**
Standards improve information clarity and creditability.
- 3 Catalyst for Accountability**
Standards become driver for accountability towards government commitments.

Standardized Sustainability Reporting– Example

The Role:

CFO for the City of Toronto

The Opportunity:

- ❑ Identify investor and bank needs through consistent conversations to increase engagement, creditability and confidence
- ❑ Increase investor pool which leads to increase in demand in the market

Execution:

Timing: High uncertainty leading to a cautious capital market during the peak of COVID in 2020.

- ❑ Opted to create a sustainability financing framework
- ❑ Used Task Force on Climate-related Financial Disclosures (TCFD) as proof of commitment to support green bond issuance

Results:

First social bond and green bond issued during peak of COVID in 2020



Investors understood reporting

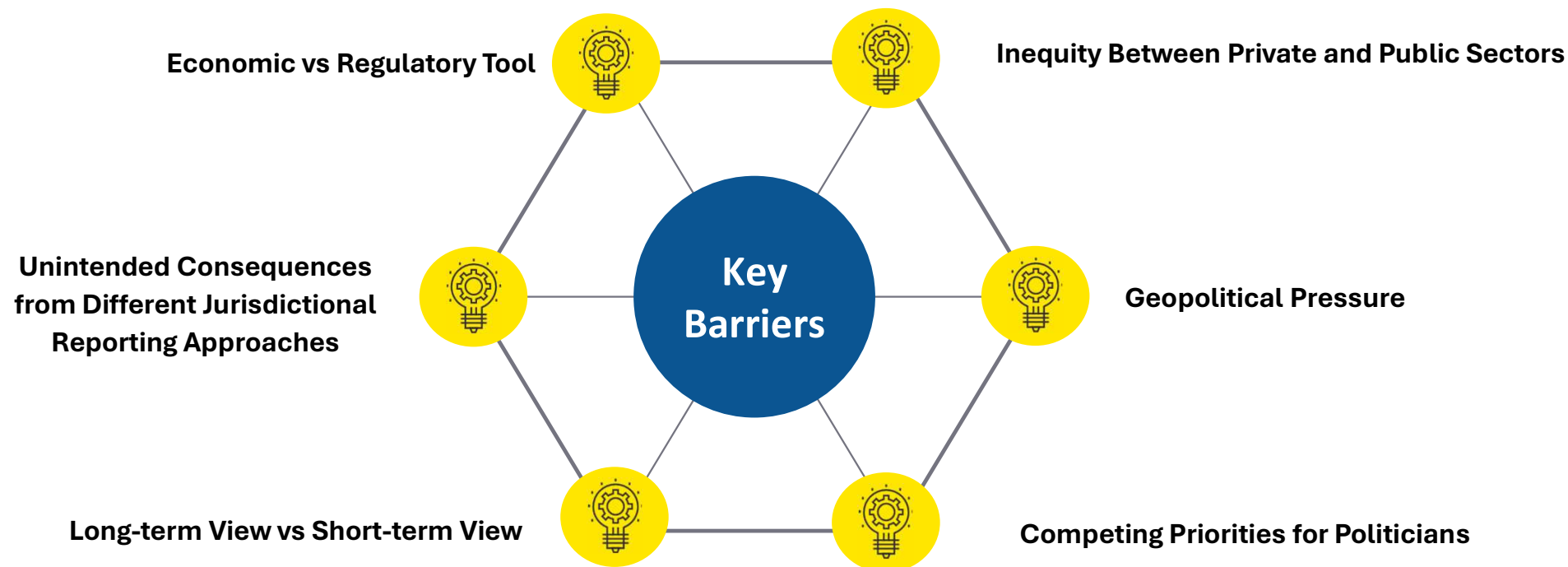


Enhanced creditability, raised confidence

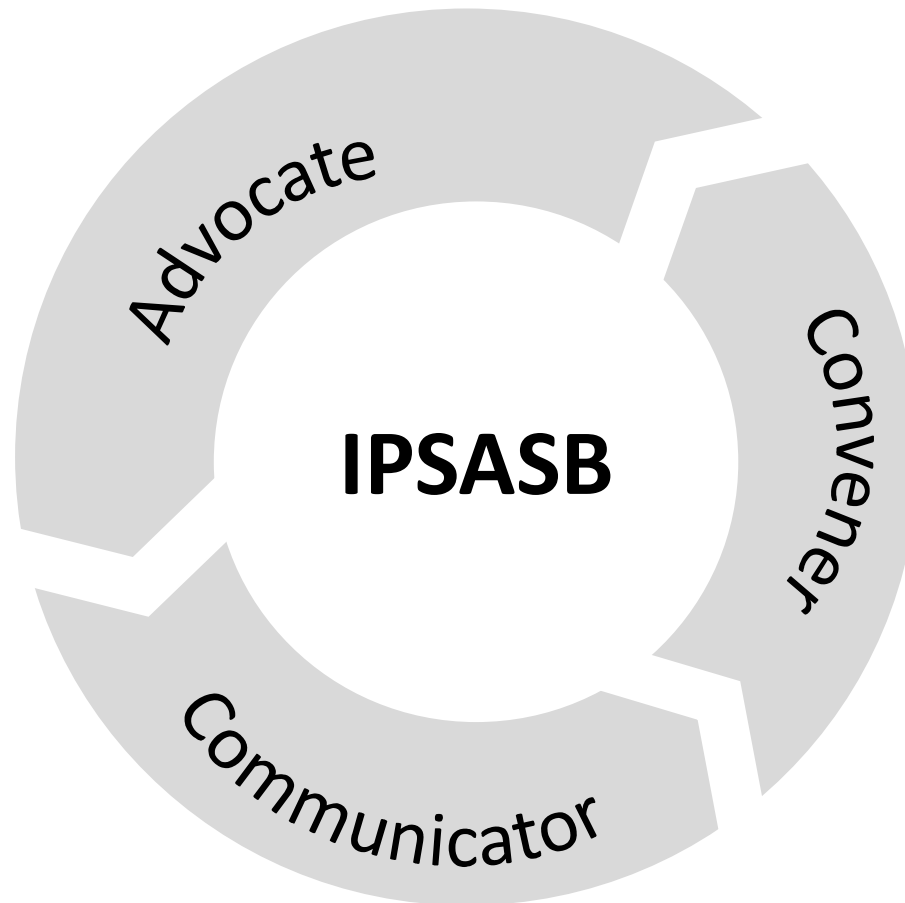


Green bond and first social bond were oversold

Standardized Sustainability Reporting– Key Barriers



Standardized Sustainability Reporting– Role for IPSASB



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PUBLIC SECTOR SUSTAINABILITY REPORTING

REALIZING THE BENEFITS

Alexander Metcalfe
Director, Sustainable Public Finance

Sustainable Development and the IPSASB



'Meeting the needs of the present without compromising the ability of future generations to meet their own needs'

Sustainable Development definition from the World Commission on Environment and Development (Brundtland Commission), 1987

Benefits of Public Sector Sustainability Reporting



- ✓ Strengthening Transparency and Accountability
- ✓ Enhancing Decision-Making and Policy Development
- ✓ Facilitating Effective Risk Management
- ✓ Supporting Comparability and Joined-up Climate Action



Case Studies



Case Study 1:
City of Toronto, Canada



Case Study 2:
UK Government Departments



Case Study 3:
MTR Corporation, Hong Kong

Considering the Barriers



Exposure Draft 1
October 2024
Comments due: February 28, 2025

IPSASB SRS™

Proposed International Public Sector Accounting
Standards Board Sustainability Reporting Standard™
Climate-related Disclosures

IPSASB International Public
Sector Accounting
Standards Board™

Costs and
Capacity

Data
Limitations

Compliance
Mindset

THE RISKS OF INACTION

A conceptual image showing a small green tree with a thick trunk growing out of a tall stack of silver coins. The background is a blurred cityscape with various financial charts and graphs overlaid.

What will success look like?



Connect on [LinkedIn](#).

