



**INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA**

Our Ref: STA/001

28 February 2025

The International Public Sector Accounting Standards Board (IPSASB),
277 Wellington St. West,
Toronto, ON,
M5V 3H2.

Submitted via the IPSASB website

Dear Sir/Madam,

ICPAU COMMENTS ON IPSASB SRS EXPOSURE DRAFT 1, CLIMATE-RELATED DISCLOSURES

The Institute of Certified Public Accountants of Uganda (ICPAU) appreciates the opportunity to comment on the IPSASB's SRS Exposure Draft 1, Climate-related Disclosures.

IPSASB SRS ED 1 seeks to provide principles for an entity to disclose information in its general-purpose financial reports about climate-related risks and opportunities to its operations, and outcomes of its climate-related public policy programs, that are useful to primary users for accountability and decision-making purposes.

We circulated the consultation for comment to our membership. The comments received during the consultation have been used to develop our response. We are generally supportive of the sustainability reporting standards for the public sector.

Our comments are set out in the appendix to this letter.

We hope you will find these comments helpful.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Charles Lutimba', written over a circular stamp or seal.

CPA Charles Lutimba
DIRECTOR, STANDARDS AND REGULATION

Appendix: Comments on the IPSASB SRS Exposure Draft 1, Climate-related Disclosures.

LN/....

APPENDIX:

ICPAU COMMENTS ON IPSASB'S SRS EXPOSURE DRAFT 1, CLIMATE-RELATED DISCLOSURES

Specific Matter for Comment 1: Public Sector Operations and Regulatory Role

The Exposure Draft requires a public sector entity to provide disclosures about (i) the climate-related risks and opportunities that are expected to affect its own operations, and (ii) climate-related public policy programs and their outcomes when an entity has responsibility for those programs and their outcomes. Do you agree the proposed approach meets the information needs of primary users (see paragraphs 1-4)? If not, what alternative approach would you propose and why?

Our Comment:

We partially agree with the proposed approach. ICPAU believes that the requirement for public sector entities to provide such disclosures will enable them to report on the detailed specific impacts of their operations and provide information on specific public policy programs and outcomes that they are responsible for. This is because both these aspects can have a significant impact on the very existence of any organization.

We also note that the primary users of financial information in the public sector are the citizens (service recipients) and therefore the reporting ought to provide information for both transparency and accountability. For this reason, the information reported must be more comprehensive than that prepared by the private sector counterparts.

However, without understating the importance of the two objectives outlined above, we believe that the proposed objectives in (i) and (ii) create significant costs and inefficiencies that may not be outweighed by the information provision benefits. And with the existence of a number of Governmental reporting requirements that relate to climate-related public policy programs; it would be necessary that additional reporting requirements are interoperable with and do not duplicate or undermine those existing requirements.

Upon careful consideration, it is our view that the ED's proposed requirements with respect to climate action are not interoperable with existing global requirements and they are at risk of undermining other requirements.

Specific Matter for Comment 2: Own Operations (Appendix A1: Application Guidance - Own Operations)

The Exposure Draft primarily aligns disclosure requirements about an entity's own operations with private sector guidance (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures), with public sector guidance, including a rebuttable

presumption that entities use the GHG Protocol: A Corporate Accounting and Reporting Standard (2004), unless another established method of measuring its greenhouse gas emissions is more appropriate or required by a jurisdictional authority (see paragraph AG1.72). Do you agree with the proposed approach and guidance? If not, what alternative approach would you propose and why?

Our Comment:

Yes, we agree with the proposed approach and that the guidance is necessary. Alignment with the ISSB Standards ensures consistency and comparability across both private and public sectors.

However, we also believe consideration ought to be given to the degree of alignment. Presently, we have some public sector entities in our jurisdiction that have been providing sustainability-related information using such frameworks as the GRI and the UN's Sustainable Development Goals, among others. We believe such entities shall be expected to enhance their frameworks to match the baseline guidance provided under the Standards. While some of the recommendations of these other frameworks are embedded within the ISSB standards, these entities will require greater resources and preparation to be able to meet the additional/ detailed disclosures being proposed.

Specific Matter for Comment 3: Scope of Public Policy Programs (paragraph 3 and AG2.4-AG2.6)

This Exposure Draft requires disclosures about public policy programs with a primary objective to achieve climate-related outcomes. Do you agree with this approach and the scope of public policy programs included in required disclosures? If not, what alternative approach would you propose and why?

Our Comment:

We agree. The approach and scope are suitable as they ensure targeted, comprehensive, and transparent reporting on programs with a primary climate-related objective. This framework supports accountability, decision-making, and policy effectiveness evaluation. The proposals address stakeholder information needs around the climate-related impacts of public policy programs, including mitigation and adaptation strategies. For example, the Uganda National Climate Change Policy provides direction to all sectors that are affected by climate change to facilitate adaptation and mitigation and to strengthen coordination of efforts amongst all sectors to build an overarching national development process that is more resilient. The policy specifically, intends to:

- *Reduce the country's vulnerability to climate change impacts by adjusting to and managing the projected impacts of climate change on the nation.*
- *Address the challenges brought about by extreme weather events such as increased warming, droughts, unpredictable rainfall patterns, floods and storms.*

- *Increase the resilience of the economy and allow the economy benefit from some opportunities brought about by climate change.*
- *Provide guidance for how Uganda can develop sustainability while also producing less greenhouse gases that cause climate change.*
- *Setup an institutional arrangement to ensure Uganda can adequately respond to climate change.¹*

However, we believe that there might be need to revisit the use of the term policy as its current usage within the ED may be perceived to be too restrictive and narrow as compared to the widely known discussion on Climate action, which broader aspects like measures, responses, progress and development and not policies alone., a discussion that would be sufficient to the level of the whole of Government.

Also, accountability on climate action may need to be designed in a way that recognizes how an individual policy interacts with other policies as part of an economy-wide ‘policy mix.’ This is in contrast to focusing the attention solely on ‘climate related public policy program/s’ individually and in isolation from each other. Interactions between climate related public policy programs and other critical policy areas such as Energy utilization, Agriculture, Waste management, Industrial sector policy, should be key considerations in appreciating the effectiveness of climate policies at the level of individual policies. Thus, the Board may have to reconsider the definition for climate related public policy program.

Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)

This Exposure Draft provides public sector-specific definitions and related guidance for:

- (a) Public policy programs;
- (b) Public policy program outcomes; and
- (c) Climate-related public policy programs.

Do you agree with the proposed public sector-specific definitions and guidance? If not, what alternative definitions would you propose and why?

Our Comment:

Yes, we agree but with reservations as raised in comment 3 on ‘climate-related public policy program’ above.

The desire by the Board to add explanatory paragraphs into the standard as ‘application guidance’ is a welcome gesture. However, more comprehensive methodologies with clear process flows that entities could follow need to be released alongside the standard. Effort needs to be taken for such guidance to take into consideration practical experiences especially for entities in the developing world.

¹

chromeextension://efaidnbnmnnibpcajpcglclefindmkaj/https://www.mwe.go.ug/sites/default/files/library/National%20Climate%20Change%20Policy%20April%202015%20final.pdf

Specific Matter for Comment 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26-27 and AG2.34-AG2.44)

This Exposure Draft proposes to require disclosures about metrics and targets, including (a) the change in greenhouse gas emissions reasonably attributed to climate-related public policy programs and (b) other metrics to measure and monitor performance in relation to climate-related public policy programs. Do you agree these disclosures meet the information needs of primary users of the report (see paragraph 26)? If not, what alternative approach would you propose and why?

Our Comment:

Yes, we agree that these metrics meet the information needs of the primary users of the report.

We further propose the following:

- a. Consider including guidance on sector-specific metrics (e.g., energy efficiency, adaptation benefits) to ensure relevance across different public policy domains.*
- b. Include forward-looking targets: Require entities to disclose future targets alongside current performance to give users a sense of long-term planning and commitment.*
- c. Data quality assurance: Require entities to include a discussion of data sources and methodologies to enhance the credibility of disclosed metrics.*

Specific Matter for Comment 7: Conceptual foundations (paragraphs B2-B15)

This Exposure Draft includes conceptual foundations aligned with the IPSASB Conceptual Framework including the definition of materiality (see paragraphs B8-B10) and primary users of public sector general purpose financial reports (see paragraphs B.AG28-B.AG33). Do you agree that the proposed definition of materiality based on the IPSASB Conceptual Framework meets the information needs of primary users for climate-related disclosures? If not, what alternative approach would you propose and why?

Our Comment:

Yes, However, while we may support the use of the IPSASB Conceptual Framework and the definitions thereof, we have some reservations particularly with the use of the IPSASB Conceptual Framework and the implications it would have for countries that do not use IPSASB's broader suite of accounting standards.

According to the IFAC International Public Sector Financial Accountability Index of 2020,² which contained data from 165 jurisdictions, 49 jurisdictions (30% of the jurisdictions included in the Index) reported on accrual in their 2020 published financial statements, and of these 28 jurisdictions (57% of the jurisdictions included in the Index) were using IPSAS in one way or the other. This means that the adoption

² IFAC-CIPFA-International-Public-Sector-Accountability-Index.pdf
ICPAU Response to IPSASB's SRS Exposure Draft 1, Climate-related Disclosures

of the IPSASB climate standard will highly be dependent on the adoption of IPSASB standards and for those jurisdictions that may not have adopted the IPSASB standards, adoption of the IPSASB climate standard may be of less interest.

Specific Matter for Comment 9: Transition (paragraphs 30-33)

This Exposure Draft proposes to provide transitional relief only in the first year of adoption (see paragraphs 30-33) for disclosures relating to an entity's own operations and where applicable, relating to climate-related public policy programs and their outcomes. Do you agree that the proposed transition provisions approach should be applicable to both own operations and climate-related public policy programs? If not, what alternative approach would you propose and why?

Our Comment:

We do not agree.

The proposed relief in para 31 is applicable only in the first year of adoption. We think this is a very short time, and propose that at least two years would be more appropriate - given the huge differences in scope in the public sector - ranging from large Ministries, Departments, Authorities, and State Agencies to the smaller administrative units (Municipalities and other lower Local Governments). The Board ought to recognise that these entities will require time to meet these substantial and additional requirements, and therefore transition reliefs will be very necessary.

Specific Matter for Comment 10: Other Comments

Do you have any other comments on the proposed Exposure Draft?

Our Comments:

We propose the following:

- a. Size/ capacity of the targeted reporting entities - the Board should take cognizance of the differences in sizes and capabilities of the various public entities, primarily because of the huge differences in scope in the public sector - ranging from large MDAs to the smallest local administrative units (Municipal/Sub- County, e.t.c). While the proposed framework is solid, we believe more sector-specific guidance could be helpful, as different programs say health, education, and infrastructure, may face unique challenges in reporting climate-related data. Providing tailored guidance would make it easier for entities to report in a way that reflects their specific operations and impacts. Some public sector entities may struggle with determining the extent to which specific outcomes can be attributed to their policies or operations. Providing more concrete examples or guidance would assist in more consistent and accurate reporting.*
- b. Reporting entity - we note that the focus of the requirements in the ED is on a single public sector entity given the entity level framework of IFRS 2, so how then would the whole of government as a reporting entity deal with these requirements? More effort may be required to provide clarity on this if the Board*

seeks to avert any un intended confusion for the primary users of the information.

- c. Application - While the Board is encouraging the adoption of IPSAS for government and all public sector entities that meet criteria (are responsible for the delivery of services to benefit the public and/or to redistribute income and wealth; mainly finance their activities, directly or indirectly, utilizing taxes and/or transfers from other levels of government, social contributions, debt, or fees; do not have a primary objective to make profits) this particular framework applies to entities whether they apply IPSAS or not. We believe the two should move in tandem to encourage wider adoption of the IPSASB standards. It should require that the related financial statements should have been prepared under accruals basis IPSAS, where the financials are publicly available.*
- d. Jurisdictional modifications (if any) - We also believe the Board should consider allowing jurisdictions to make necessary modifications to meet domestic circumstances and also meet multi-stakeholder information needs.*
- e. Necessary support to ensure smooth implementation - the determination and measurement of the requirements for reporting will be a challenge at adoption. The entities will need to invest in tools to support the data collection. Public sector entities may require technical assistance in understanding how to collect, measure, and report climate-related data effectively, especially in the early years of implementation.*