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The IPSASB SRS 1: Climate Disclosure Standard: A Forward-Looking Perspective

Association of Accountancy Bodies in West Africa (ABWA)

March 24, 2026

Objectives

Background to IPSASB SRS 1

01

Practical Implementation and Key Expectations for Public Sector Entities

02

Key Takeaway & Q&A

03

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Climate Risk and Public Financial Management

The Public sector face escalating exposure to climate shocks, including infrastructure damage, service disruption, migration pressures, rising insurance liabilities, and long-term fiscal imbalances. Hence the IPSASB SRS 1 has been designed with the objectives for relevant entities to disclose on in-scope climate related risks and opportunities.

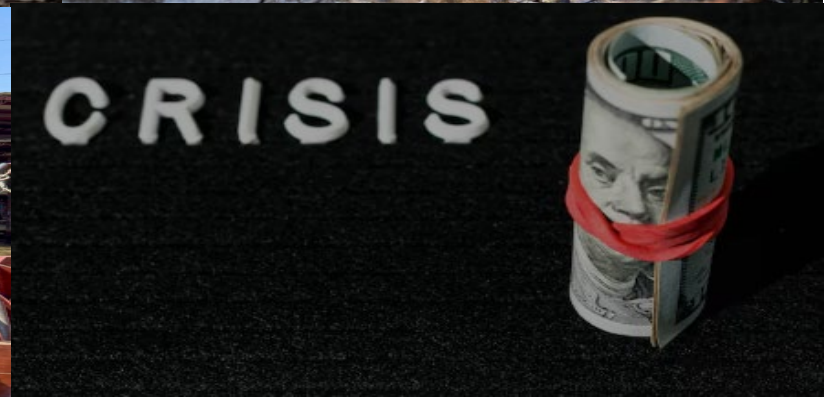












Unlike private sector reporting frameworks, SRS 1 addresses service delivery continuity, long term fiscal sustainability and public accountability, which are central to government operations.

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Why SRS 1 Matters Now: A Public-sector Perspective

Several global drivers have accelerated the need for climate-related disclosures in the public sector.

Rising fiscal risks from climate change

Increase demand for public accountability and transparency

Need to integrate climate risks into planning & budgeting

Competitive advantage



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IPSASB SRS 1 – What is the objective and who does the Standard Apply to?

The objective of the Standard is to provide principles for public sector entities to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports for accountability and decision-making purposes.

IPSASB standards are designed for public sector entities that meet the following three criteria:

01

Are responsible for the delivery of services to benefit the public entities an/or to redistribute income and wealth

02

Mainly finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debts or fees

03

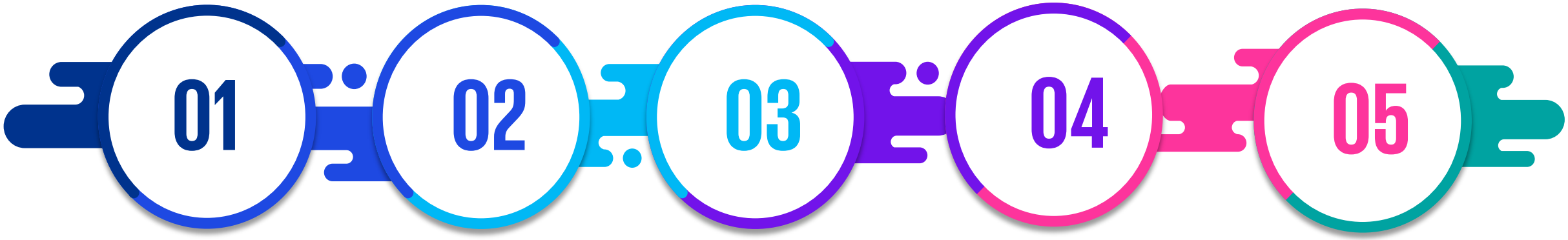
Do not have the primary objective to make profits

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What Makes IPSASB SRS 1 Unique?

SRS 1 is a major transformation in public-sector financial management. Unlike other frameworks, SRS 1 incorporates public-sector realities, aiming to align climate information with governance, service delivery, and fiscal accountability.



01	02	03	04	05
The first clear climate disclosure standard written for public sector	Adapts IFRS S2 but incorporates public sector specifics	Focuses on long term fiscal sustainability, not investor valuation	Supports public policy coherence & climate budgeting	Mandatory disclosures across Scopes 1, 2, and 3 - with transition relief

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The Scope and Disclosure Pillars

Scope:

- The standard requires public sector entities to apply this Standard in reporting on:
- (a) Climate-related risks to which the entity is exposed (Climate-related physical risks and Climate-related transition risks)
- (b) Climate-related opportunities available to the entity.

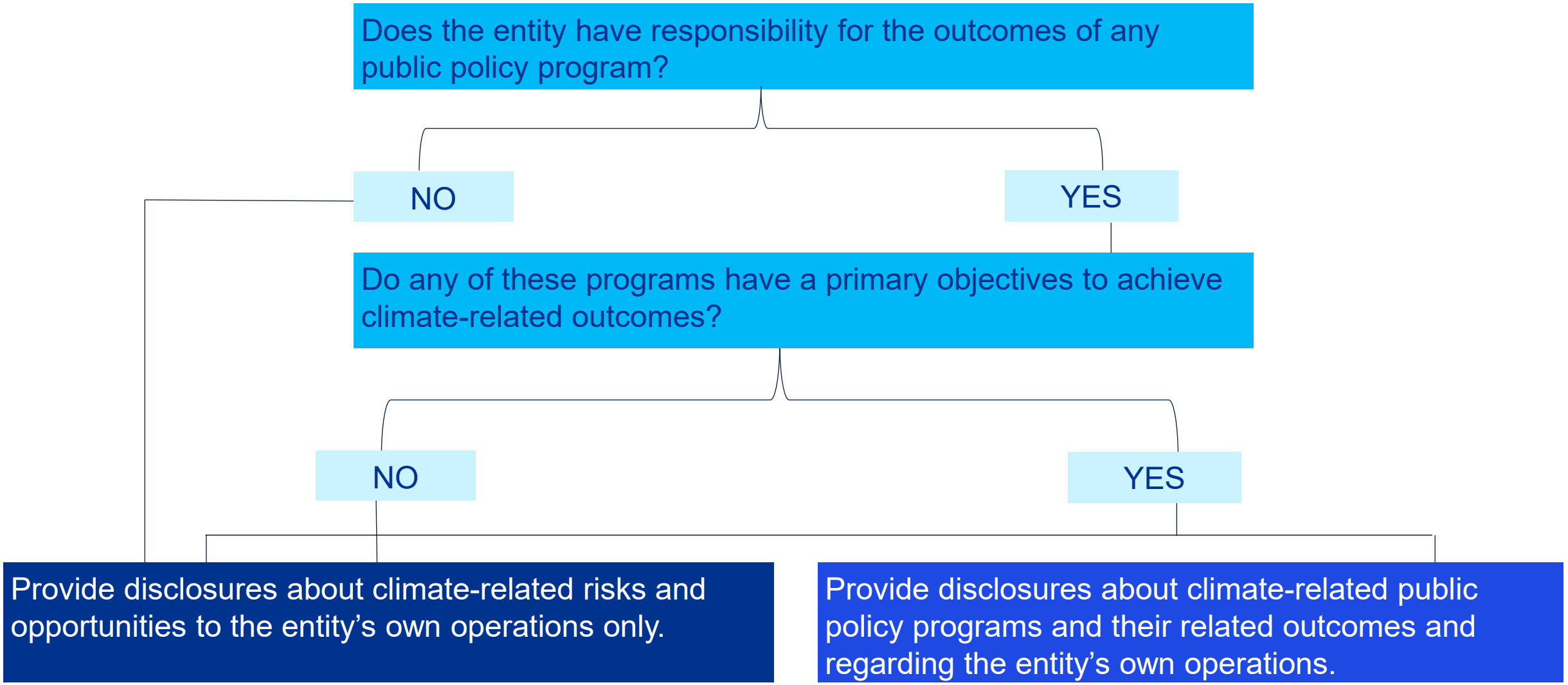
Notes to the Scope:

- Climate-related risks and opportunities that could not reasonably be expected to affect the long-term fiscal sustainability of an entity are outside the scope of the Standard.
- An entity may apply the Standard irrespective of whether the entity's related general purpose financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS Standards) or other generally accepted accounting principles or practices (GAAP).



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How to determine what is required?



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Adoption Roadmap

Global Effective Date

The standard will be effective globally on 1st January 2028, however, early adoption is permitted and encouraged. IPSASB allows nationals to adjust effective dates to fit domestic financial reporting calendars, regulatory processes, or government fiscal years.



Source: IPSASB



Key Implication

- Climate risk must be integrated into strategy, budgets, and mandate delivery
- Mandatory scenario analysis & climate resilience assessment is expected across MDAs
- Required development of climate-data systems, controls & audit trails

Across West Africa Countries, we have not noticed a formal announcement on SRS 1 adoption yet.

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Transition Relief

Transition Relief

Comparative information for Scope 3

If an entity uses the Scope 3 three-year relief, it may continue using that relief when preparing comparative information in subsequent reporting periods.

Earlier Adoption

An entity may adopt SRS 1 earlier than the effective date, but without applying transition reliefs.



Three-Years Scope 3 relief

Entities are not required to disclose Scope 3 GHG emissions for the first three years of applying the Standard.

No prior period disclosures and Comparatives

Entities do not need to provide SRS 1 specified disclosures for periods before date of the adoption, and no comparative information is required in the first year.

First-year delayed reporting on climate

In the first year of applying the standard, an entity can publish climate disclosures after its financial statements, provided it is within nine months of year-end.

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Likely bottlenecks in Implementation of IPSASB

Although IPSASB SRS 1 establishes the first global baseline for public-sector climate-related disclosures, governments face a series of structural, technical, and institutional challenges that could complicate practical implementation.

01

Fragmented and inconsistent data availability across MDAs

02

Skills gap in sustainability reporting

03

Budgeting and procurement limitations

04

Fragmented governance structures

05

Limitation in Identifying Specific Climate Financial Risks

06

Weak Internal Control Environments for Non-Financial Data

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Case Studies

Given growing demand for sustainability-related disclosure, and in the absence of an international framework for public sector sustainability reporting prior to IPSASB SRS 1 ED, some governments across the globe have led the way in the design and implementation of sustainability reporting.



- **Brazil: Using Sovereign Sustainable Bonds to Drive Public Sector Sustainability Reporting**
- **New Zealand: Integrating Climate into Economic & Fiscal Analysis**
- **Switzerland: Long-Term Fiscal Sustainability with Climate Integration**
- **United Kingdom: Mature Operational Sustainability Reporting through GGCs & SRG**

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Key Expectations for the Public Sectors

01 Sustainability data moving toward external assurance

02 Requires strong internal controls, audit trails, and documentation

03 Limited assurance now; reasonable assurance expected in future

04 Define Public Sector Materiality

05 Develop Climate-Related Risk Identification and Assessment Processes

06 Integrate Climate Considerations into Planning, Budgeting & Public Financial Management

07 Invest in Capacity Building Across Finance, Audit, Climate & Planning Functions

08 Conduct Pilot (“Dry-Run”) Climate Disclosures Before 2028 and embed continuous improvement

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Why You Should Care (For West Africa, ABWA, and Accountants /Sustainability Professionals)

Beyond the urgency of climate risks, SRS 1 represents a shift in how governments, accountants, and regional bodies operate. As a public sectors across Africa, Professional organisations, and accountant, you should care because:



Compliance will affect fiscal credibility, donor engagement, and borrowing costs across west Africa

Countries adopting the standard for transparent climate disclosures strengthen credibility with rating agencies, multilaterals, and investors, an important consideration for West African economies with increasing debt burden.

ABWA's Position as a Regional Professional Leader

High expectation of ABWA in championing the standards adoption across West African sub-region, influence member country sustainability reporting reforms and support member adoption efforts.

Expands the Scope of Accountants, Public-Sector Audit & Assurance and Sustainability Professionals

Requires expansion in knowledge and expertise on public sector realities and climate-related risks and opportunities, as well as close collaboration to implement the standards.

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Key Next Steps for Professional Associations, Assurance and Account Professional

IPSASB SRS 1 will significantly reshape the expectations for regional accountancy bodies, national Professional Accountancy Organisations (PAOs), professional accountants, and sustainability assurance providers. Some of the roles have been highlighted below:



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Summary

The SRS 1 introduces a new era of public-sector climate accountability, requiring governments to shift from ad-hoc environmental reporting to fully integrating climate considerations into fiscal management, governance, and service-delivery systems.



01 SRS 1 is not merely a replica of IFRS S2

02 Climate change becomes a fiscal-sustainability issue

03 Implementation will stretch existing public-sector systems

04 SRS 1 requires governments to formalise climate governance

05 Early action before 2028 is essential

06 The accounting, auditing, and assurance profession becomes central

07 ABWA and national PAOs must lead regional preparedness

08 Public-sector entities should leverage partnerships and seek support

09 SRS 1 should be seen as a strategic and innovative management opportunity

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Conclusion

"Climate change is no longer just an environmental concern; it is becoming a core financial risk."

Mr Olayemi Cardoso,
Governor of the Central Bank of Nigeria

Source: Sustainable Stories Africa



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Questions & Comments



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Thank You

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KPMG values

Integrity
We do what is right.

Excellence
We never stop learning and improving.

Courage
We think and act boldly.

Together
We respect each other and find strength in our differences.

For Better
We do what matters.