



POSITION PAPER

**EMBRACING ACCRUAL IPSAS TO
STRENGTHEN FISCAL TRANSPARENCY
AND IMPROVE DECISION-MAKING**

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Problem Statement

Across much of Africa, governments still make long-term fiscal decisions using short-horizon financial information. Cash and modified-cash systems help monitor liquidity and budget execution, but they do not provide a complete picture of the assets controlled by governments, the liabilities already incurred, or the fiscal risks accumulating outside the purview of cash accounting. The result is partial visibility, incomplete accountability, and weaker decision-making.

The conversations at the 2025 AAAG Conference underscored the scale of the challenge: many governments do not fully identify, value, record, and report public land, buildings, infrastructure, leases, service concession obligations, pensions, guarantees, and other material liabilities. Without that visibility, governments can understate obligations, undervalue public wealth, and weaken their capacity to manage net worth strategically.

Context and Impact

AAAG's long-standing position on IPSAS adoption is that Africa does not suffer from an ambition deficit alone; it also faces a material implementation support gap. As underscored in the companion conference presentation, accrual information should not be viewed as a compliance exercise, but as a strategic operating language for public financial management. It enables governments to identify and value assets and liabilities, establish credible fixed-asset registers, prepare whole-of-government accounts, and strengthen decision-making on asset utilisation, liability management, and service delivery outcomes.

Official and technical guidance reinforces this direction. IPSAS 33 provides first-time adopters with transitional relief of up to three years for specified assets and liabilities, acknowledging that migration requires sequencing and institutional readiness. Recent global reporting by the World Bank and IFAC also points to accrual accounting as a key enabler of fiscal transparency, improved fiscal management, and stronger accountability.

For Africa, the impact is strategic. Accrual IPSAS can help governments move from monitoring cash alone to managing fiscal position, fiscal risk, asset performance, and long-term sustainability. It also provides a stronger information base for debt management, investment planning, public asset stewardship, and audit assurance.

Policy Solutions

To translate this agenda into practical reform outcomes, AAAG proposes to exercise a clear continental policy advocacy and thought leadership role by championing implementation-focused priorities that help member countries move from accrual adoption as a reporting ambition to accrual use as a strategic instrument for fiscal visibility, public value management, and resilient service delivery through the following interventions:

- 1) Establish complete public asset and liability registers. Governments should prioritise the systematic identification, classification, and valuation of land, buildings, infrastructure, equipment, heritage and biological assets, leases, employee obligations, guarantees, arrears, provisions, and service concession liabilities. Registers must be continuously updated rather than treated as one-off reform exercises.

- 2) Produce whole-of-government fiscal visibility. Countries should move progressively toward audited whole-of-government accounts that consolidate central government, local authorities, extra-budgetary entities, and controlled public corporations where appropriate. Net worth should increasingly be treated as a strategic fiscal indicator alongside debt and deficit metrics.
- 3) Use accrual information to optimise public value. Accrual data should support decisions on asset utilisation, non-tax revenue opportunities, receivables management, liability restructuring, guarantee pricing, and the timing of settlement obligations. Governments should not stop at recognition and reporting; they should use the information to improve fiscal performance.
- 4) Align systems, law, and implementation guidance. IFMIS, debt modules, asset registers, payroll, HR, and reporting systems must be interoperable and configured for accrual reporting. At the same time, legal and regulatory frameworks should clearly assign responsibilities, milestones, and reporting expectations. Practical AAAG-led implementation guidelines can bridge the gap between standards and day-to-day execution.
- 5) Link accrual reporting to service delivery and climate resilience. Public accounts should increasingly illuminate how assets and liabilities support service outcomes and how climate risks affect public balance sheets. This helps reposition accounting from compliance to strategic policy management.

Conclusion

Accrual IPSAS is best understood as strategic fiscal infrastructure. It enables governments to see the true cost of public policy, the real condition of public wealth, and the future implications of current commitments. For Africa, the next phase of reform must move from standards awareness to practical implementation, system alignment, and applied use of accrual information. AAAG is well placed to lead this shift through practical guidelines, peer learning, and policy advocacy that keep the reform anchored in service delivery, resilience, and accountability.

Call to Action

The immediate continental priority is to shift from aspiration to application: build registers, align systems, issue practical guidance, strengthen peer learning, and use accrual information as a live management tool rather than a year-end reporting exercise.

Selected References

- 1) AAAG Conference presentation: Leveraging Accrual IPSAS to Manage Government Assets and Liabilities (25 Nov 2025).
- 2) IPSASB, IPSAS 33 First-time Adoption of Accrual Basis IPSASs / IPSAS Standards:
<https://www.ipsasb.org/publications/ipsas-33-first-time-adoption-accrual-basis-ipsas-2>
- 3) World Bank, Good Practices in Public Sector Financial Reporting and Fiscal Transparency; 2024 Global Report on the Use of Accrual Accounting for Fiscal Management: <https://cfr.worldbank.org/sites/default/files/2025-05/Good%20Practices%20in%20Public%20Sector%20Financial%20Reporting%20and%20Fiscal%20Transparency.pdf>
- 4) IFAC public-sector materials on pathways to accrual accounting and the benefits of accrual information:
<https://www.ifac.org/publications/pathways-accrual>

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