AAAG
AFRICAN ASSOCIATION OF ACCOUNTANTS GENERAL

POSITION PAPER

Climate-Related Disclosures and Sustainability Reporting in the Public Sector

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Problem Statement

Climate change is one of the most significant fiscal, social and governance challenges facing African states today. Its impacts are increasingly visible through droughts, floods, cyclones, food insecurity, health pressures, infrastructure damage, displacement and rising public expenditure demands. These effects are not only environmental concerns; they directly affect public finance, debt sustainability, service delivery and long-term economic resilience.

In this context, climate-related disclosures and sustainability reporting have become essential tools for improving transparency, accountability and informed decision-making in the public sector. African governments must therefore strengthen reporting systems so that climate risks and opportunities are properly reflected in financial statements, budget documents, fiscal risk reports and broader public accountability frameworks.

Although climate change is already affecting public finances across Africa, climate-related fiscal risks and opportunities are not yet consistently identified, measured, or disclosed in general-purpose financial reports. In many countries, the links between climate risks and public assets, liabilities, contingent liabilities, service delivery obligations and budget priorities remain weak or informal.

This creates a serious accountability gap. Without credible and structured climate-related reporting, governments are unable to demonstrate how climate change affects public resources, fiscal resilience, infrastructure sustainability, and the ability to maintain essential services. The absence of reliable disclosures also limits public trust and weakens the ability of governments to attract climate finance and support from development partners.

Context and Impact

The publication of IPSASB SRS 1 on Climate-related Disclosures represents an important milestone for public sector sustainability reporting. The standard requires public sector entities to disclose decision-useful information on climate-related risks and opportunities for accountability and resource allocation purposes, with application for annual reporting periods beginning on or after 1 January 2028, and with earlier adoption permitted

For African governments, this standard should not be viewed in isolation. Climate-related disclosure must be integrated with public financial management systems, including asset management, budget planning, debt management, fiscal risk analysis, procurement, infrastructure planning, disaster response, and long-term development strategies. When linked properly, climate reporting can improve fiscal planning, support resilient infrastructure investment, and strengthen the credibility of public institutions.

Policy Solutions

AAAG should support Member States to prepare for public sector climate-related disclosures through six key action areas:

1. National readiness for IPSASB SRS 1

Governments should develop implementation roadmaps, establish institutional leadership, define reporting boundaries and assign clear responsibilities for climate-related disclosures. Capacity building, resourcing and assurance planning should begin well before mandatory reporting deadlines.

2. Strengthening legislation and regulatory frameworks

Member States should review and, where necessary, amend public finance, accounting, audit, environmental and related legislation and regulations to provide a clear legal basis for climate-related reporting. The framework should define reporting obligations, institutional responsibilities, timelines, oversight arrangements and enforcement mechanisms, while ensuring alignment with IPSASB sustainability reporting standards.

3. Climate risk integration in public finance

Climate risks should be reflected in asset management, infrastructure assessments, public investment decisions, budget documents, fiscal risk statements, debt sustainability analysis and disaster funding frameworks. This will help ensure that climate reporting is connected to real financial and operational decisions.

4. Strengthening cross-government coordination

Effective disclosure depends on cooperation among ministries responsible for finance, environment, planning, infrastructure, statistics and disaster management. Oversight institutions, including supreme audit institutions and other accountability bodies, should also contribute to reviewing the quality and credibility of disclosures.

5. Development of practical disclosure templates

African public entities should use standardised templates covering governance, strategy, risk management, metrics, targets, adaptation spending, mitigation actions and exposure to climate-related fiscal risks. Standardisation will improve consistency and comparability across entities and countries.

6. Building assurance and credibility capacity

Governments should document methodologies, assumptions and data sources, while identifying data gaps and limitations. Climate-related disclosures should be aligned with financial statements and supported by reliable evidence to enhance their credibility, auditability and usefulness.

Conclusion

Climate-related disclosure is no longer optional for public sector accountability. It is a necessary part of modern public financial management, especially in Africa where climate impacts are already affecting public assets, service delivery and fiscal sustainability. Governments must move from general climate awareness to structured, decision-useful disclosures that inform policy, strengthen resilience and improve transparency.

Call to action

Member states should begin readiness work immediately so that institutional systems, data processes, and assurance mechanisms are in place before formal reporting deadlines take effect. A coordinated regional approach will help ensure that climate-related reporting becomes a practical tool for accountability and sustainable development across the continent.

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