



Exposure Draft (ED)83: REPORTING SUSTAINABILITY PROGRAM
INFORMATION

**Response from the Public Accountants
and Auditors Board (PAAB), Zimbabwe**

31 December 2022

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ED 83: Reporting Sustainability Program Information - RPGs 1 and 3: Additional Non-Authoritative Guidance

PAAB is pleased to present its comments on this Exposure Draft, which have been reviewed by PAAB's Technical Staff.

Response to Specific Matters for Comment

Detailed comments on the Specific Matters for Comment are provided in the attached Annex.

We hope this is a helpful contribution to IPSASB work in this area.

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Reporting Sustainability Program Information - RPGs 1 and 3: Additional Non-Authoritative Guidance

<p>Specific Matter for Comment 1: RPG 1</p> <p>Do you agree with the proposed additional Implementation Guidance (IG) for RPG1? If not, what changes would you make?</p>
<p>IG1. Does RPG 1 apply to reporting information on the impact of sustainability programs on an entity overall finance.</p>
<p>PAAB agrees with the guidance because we believe RPG1 can apply to reporting information to do with sustainability programs, but the guidance should address paragraph 2 of the RPG which say; “This RPG does not directly address issues associated with the reporting of environmental sustainability. However, an entity should assess any financial impacts of environmental factors and take them into account when developing its projections.”. The sustainability programs mainly focus reporting of environmental sustainability as well and the RPG state that it does not address those issues.</p>
<p>IG2. How should sustainability program impacts on the dimensions of long-term fiscal sustainability be addressed?</p>
<p>PAAB agrees with the implementation guidance, but we suggest that the impacts of such programs should only be presented separately for comparability purposes.</p>
<p>IG3. Which principles should be applied in reporting on the impacts of sustainability programs?</p>
<p>PAAB agrees with IPSASB guidance but however the principle of inflation and discount rate should also be emphasized considering how inflation affects current and future prices in hyperinflationary economies like Zimbabwe.</p>

Specific Matter for Comment 2: RPG 3

Do you agree with the proposed additional Implementation Guidance (IG) and Illustrative Example for RPG3? If not, what changes would you make?

IG1. Does RPG 3 apply to reporting information related to sustainability programs?

PAAB Agrees with the proposed additional implementation guidance because we believe that the principles applied in reporting service performance information can be perfectly applied when reporting information related to sustainability programs.

IG2. How does RPG 3 apply to an individual sustainability program?

PAAB agrees to the proposed implementation guidance has provided additional illustrative examples that refer to individual sustainability programs.

Illustrative Examples (IE)

IE4. Examples Related to Reporting Sustainability Program Information

PAAB agrees with the illustrative examples in this additional guidance because the examples in IE1-IE3 were focusing only on principles when reporting service performance information and these examples will be helpful as they illustrate how individual sustainability programmes can be dealt with.

IE5: Example 1 – Program Financed by Green Bond

PAAB agrees with the illustrative example but proposes that the example also show the course of action the entity will take in such a scenario, for example decisions on whether to continue with the program or not and the criteria and factors looked at in making such decisions.

IE6. Example 2 – Program Financed by a Carbon Tax

PAAB agrees with the proposed example but however proposes that the example also add as part of its performance indicator the overall impact of the program on the environment instead of focusing on measuring the performance of the program only in terms of the quantity of the motor vehicles produced and sold.

IE7: Example 3 – Investment in Infrastructure to Mitigate the Impacts of Climate Change

PAAB agrees with the proposed illustrative example but however proposes that the overall effectiveness of the program in terms of outcome (17 reductions) given the shortage in inputs must not be compared to the outcome estimated based on the planned input (30) which was not actually achieved. So, to say the overall outcome for this project is 57% would be an understatement. Given, the amount of funding provided the Program was 94% effective in

reducing floods in this community. The Example must show this overall effectiveness of the programme give the actual inputs and outputs a part of the performance indicators.

IE8: Example 4 - Tax Expenditures for Sustainability Investments

PAAB agrees with the proposed example, but however the difference in terms of the amount of inputs estimated to be received and the actual amount received is a bit too much, this shows that the entity might have not considered critical factors when setting targets.