

Partnership Framework for Capacity Building

Introduction

Finance is the cornerstone for implementing climate and sustainability actions and a catalyst for progress on all aspects of the global climate and sustainable development agendas. Sustainability-related financial disclosures, therefore, are an increasingly important element in understanding market stability and resilience globally.

The International Sustainability Standards Board (ISSB) is committed to creating a truly global baseline for sustainability-related financial disclosures that will: (a) enhance transparency, accountability, efficiency and comparability across the market; and (b) be practical, flexible, proportionate, scalable and suitable for smaller entities.

To ensure the inclusive development and widespread implementation of this global baseline, participation and action by market participants, governments, regulators, and stakeholders from a broad range of jurisdictions is essential. The ISSB recognises the need for capacity-building interactions to accelerate inclusion in the process to develop and implement IFRS Sustainability Disclosure Standards and to provide a level playing field for their use by market participants globally.

The focus of capacity building must be global. The ISSB also recognises, however, that developing and emerging economy jurisdictions and companies that adopt IFRS Sustainability Disclosure Standards might potentially attract more investment and boost private sector development.

The Paris Agreement and G20 Sustainable Finance Roadmap¹ cite the importance of undertaking capacity building in developing and emerging economies to accelerate progress on the 2030 Agenda². The importance of capacity building is further reinforced by market feedback from the first IFRS Sustainability Disclosure Standards consultation, underscoring the need for capacity building to accelerate and support high quality global adoption.

International collaboration and partnerships are essential to ensure the global implementation of IFRS Sustainability Disclosure Standards with interoperability,

¹ [RoadMap_Final14_12.pdf \(g20sfwg.org\)](#)

² The [2030 Agenda](#) is the resolution that adopted the UN Sustainable Development Goals.

transparency, and consistency across all markets. Also bearing in mind potential common but differentiated responsibilities, the IFRS Foundation is committed to considering the needs of developing and emerging economies, as well as the needs of smaller entities, many of which operate within global supply chains. Our work recognises the unique challenges faced by these companies and jurisdictions in applying sustainability disclosure requirements.

Partnership Framework

The ISSB Partnership Framework for Capacity Building (Framework) was launched at the COP 27 climate summit in November 2022. It seeks alignment on a shared vision that the widespread availability of high quality, comparable and timely information is foundational to understanding the risks, opportunities, and financial impacts associated with climate and wider sustainability topics. The availability of such information also represents an important facilitator for increasing private sector financial flows to the global south.

Facilitated by the IFRS Foundation as a catalyst for action over a five-year period through 2027, the Framework will provide a basis on which to identify opportunities for Partners to:

- directly strengthen development of, as well as leverage and combine, their expertise in interactions with a broad set of international stakeholders; and
- improve coordination at regional and international level to enable consistency of approaches.

The main purpose of the Framework and an important goal of the ISSB is to drive adoption of a global baseline that is truly inclusive in nature. Successful adoption of the baseline will:

- enhance the assessment of sustainability-related risks and opportunities, allowing capital to be more efficiently allocated, bolstering risk management and contributing to financial stability;
- support the shift in capital allocation towards more sustainable investments, notably in the global south;
- have the potential to lower transaction costs and/or cost of capital for more sustainable business models;
- provide consistent, comparable, decision-useful information on corporate performance across global markets;
- build the trust and transparency needed to foster resilient capital markets, minimising greenwashing; and
- reduce costs, by helping to avoid double/multiple reporting of information.

Approach

The success of the Framework will require a coordinated approach across *all* stakeholders in an aligned and timely effort. To address capacity gaps on the path to adoption and high-quality implementation of the IFRS Sustainability Disclosure Standards globally over time, the Framework will target three key interventions, to provide:

1. **tailored jurisdictional engagement**, notably in developing and emerging economies, considering market conditions and sophistication, infrastructure, regulatory and legal alignment, language, etc;
2. **structured partnerships that leverage organisations** with specialist expertise (thematic, industry, jurisdictional) to build local expertise for standards implementation and assurance; and
3. **key initiatives and champions** across multi-stakeholder communities and jurisdictions that help translate the ISSB ambition into tangible action.

The Framework will be supported by three cross-cutting workstreams designed to:

1. **raise awareness** of and **advocate** adoption of the IFRS Sustainability Disclosure Standards;
2. ensure that a **broad range of voices**, notably from the global south, is **well reflected** in the standard setting process, which is essential to ensure that resulting standards will be fit for purpose and adoptable by all; and
3. **level the playing field**, by providing a globally accessible and freely available suite of resources to educate a broad range of stakeholders, which will evolve in the next five years based on market maturity and could include resources such as e-learning and feedback sessions on the ISSB, standards overview and implementation support.

The Framework will be grounded in the principles of:

- **collaboration**: sharing information, insights, strategies and resources across projects, organisations, and sectors, leading to increased efficiency and impact;
- **inclusiveness**: stakeholders will have unique and characterised needs in their journey to adopting IFRS Sustainability Disclosure Standards;
- **flexibility**: no one-size-fits-all approach to market and capacity building activity;
- **agility**: reflecting changes in policies, technologies, and the state of transition; and
- **rigour**: all capacity building interventions will observe the high standards of the IFRS Foundation's standard-setting activities.

High quality adoption of IFRS Sustainability Disclosure Standards will require a system-wide, needs-driven and responsive approach to capacity and market building activity. The key stakeholders the Framework seeks to target are:

- **market oversight:** to increase the capacity of stakeholders such as regulators, policy makers, stock exchanges and national standard setters to adopt and regulate the global baseline, as well as the ability to facilitate market adoption of the IFRS Sustainability Disclosure Standards;
- **preparers:** to provide educational and implementation support to strengthen reporting entities' capacity to report against IFRS Sustainability Disclosure Standards, even before regulatory adoption, to provide consistent, comparable, decision-useful information on sustainability risks and opportunities;
- **data and information users:** to better understand risks and opportunities allowing capital to flow more effectively towards resilient business models, as well as climate and sustainability goals;
- **academia:** to include sustainability as part of core education for all students studying business, accounting, and finance and to support the use of the IFRS Sustainability Disclosure Standards via research;
- **professional bodies:** to integrate sustainability as a core element of professional qualifications and provide existing members with education resources to continue to build capabilities; and
- **multilateral institutions, foundations and philanthropies and bilateral development agencies:** to benefit from the significant role to be played in mobilising and incentivising translation of IFRS Sustainability Disclosure Standards' adoption into private finance investment, especially in the global south.

Activities

The Framework will be a coordinated effort driven by the IFRS Foundation and drawing on Partners' diverse capabilities for a period of five years through 2027, focusing on activities to:

- socialise and build Partner support;
- raise market awareness relating to the context for and value of IFRS Sustainability Disclosure Standards, using foundational content that includes communicating how the ISSB's work is built upon—and represents the next step on a path that has included - other sustainability reporting frameworks and standards, such as the CDSB (Climate Disclosure Standards Board) Framework, SASB (Sustainability Accounting Standards Board) Standards, Integrated Reporting Framework and TCFD (Taskforce on Climate Related Financial Disclosures) recommendations;

- undertake deep dive research activity and roundtables, notably in key developing and emerging market economies, to establish what would be the most helpful and impactful interventions;
- establish infrastructure to support levelling of the playing field, by:
 - producing resources available to all, as the initial two IFRS Sustainability Disclosure Standards - and others over time - are published; and
 - working with Partners on ISSB advocacy and information sharing;
- agree actions with Partners for delivery of coordinated, targeted responses at scale to identified requirements, to secure high quality adoption of the ISSB global baseline;
- encourage active participation in the process to develop IFRS Sustainability Disclosure Standards (for example, consultations; review of exposure drafts);
- secure necessary cash and in-kind contributions to support capacity building; and
- establish appropriate success criteria to monitor and evaluate progress.

Activities will be guided by the understanding that jurisdictions will move at varying pace towards adoption and will have different capacity building requirements along the way.

Monitoring, Learning and Evaluation

The IFRS Foundation will report on progress on an annual basis, summarising the work undertaken by itself and Partners towards delivery of the Framework's ambition.

Get Involved

Partners should collectively provide a range of capacity building resources and interventions at scale, with broad geographic reach and relevance for diverse stakeholder constituencies, notably in the global south. Each Partner should therefore be willing to commit to the Framework's aims and able to indicate what its tangible contribution to promote and support the adoption of IFRS Sustainability Disclosure Standards on this basis might look like in practical terms.

For more information on the Framework or to express interest in joining the community of Partners, please contact: capacitybuilding@ifrs.org.

Partnership Framework at a glance

Overarching ambition

Support creation of a truly global baseline for sustainability-related financial disclosures that will: (a) enhance transparency, accountability, efficiency and comparability across the market; and (b) be practical, flexible, proportionate, scalable and suitable for smaller entities.

Aims

Facilitate development and provision of advisory, educational and other interactions, designed to: (a) ensure proactive engagement across key markets, with specific consideration to developing and emerging economies; (b) provide strong advisory and capacity building support to markets globally to accelerate inclusion in the process to develop and implement IFRS Sustainability Disclosure Standards; and (c) level the playing field through information dissemination, the development of resources and interoperability across markets globally.

Scope

Consider the needs of market oversight and market practice stakeholders globally, with specific focus on developing and emerging economies, through provision of: (a) generic, open access resources; and (b) bespoke interventions targeting specific geographical areas and/or stakeholder constituencies.

Anticipated lifetime

Five years through 2027.

IFRS Foundation role

The IFRS Foundation will: (a) articulate partnership ambition; (b) identify prospective new Partners; (c) proactively engage with Partners and facilitate a flow of information on opportunities to collaborate in the development and delivery of practical, needs-driven capacity building resources and interventions on a coordinated and aligned basis; and (d) monitor overall progress.

Partner role

Partners will: (a) serve as a conduit for engagement with stakeholders and interface with stakeholders to raise awareness and understand capacity building needs; and (b) work in collaboration with the IFRS Foundation and others to develop and deliver responsive resources and interventions at scale with broad geographic reach and relevance for diverse stakeholder constituencies, notably in the global south.

Partnership arrangements

Minimal formalities to include documented expression of commitment to aims of Framework and indication of what tangible contribution might look like in practical terms.