EUROSAI
Working Group on
Environmental Auditing

Brief report from

EWGEA XIX Annual meeting (virtual)

19-20 October 2021

XIX Annual meeting of
EUROSAI Working Group on Environmental Auditing
Green Transition
(virtual)

Preface:

Ladies and Gentlemen,

Members of the EUROSAI Working Group on Environmental Auditing,

I am honoured to welcome you today at the 19th annual meeting of the Group. Thank you very much for your participation. My special thanks go to our guests who accepted the invitation representing: the European Commission, the University of Malta, Evenflow and the Youth Climate Council at the Ministry of Environment and Climate.

The topic of the current meeting is Green Transition. It is a broad notion, and it is about many activities for the next years. The European Union has prepared an action plan called Green Deal, which is aimed to prevent environmental disaster due to human activities. The plan is to help the Union to transform into a modern and competitive economy that saves its resources. The goal is to get, by the year 2050, the zero emission of greenhouse gases, to make the economic progress independent of the use of resources, and to leave nobody and no region behind. The European Green Deal is also to help leaving the COVID pandemic. The Deal will be financed from the NextGenerationEU programme and from the Union's seven-year budget.

Negative environmental changes do not respect borders or political differences. That is why we have to remember about the representatives of non-EU SAIs who will have to face similar challenges in their countries.

Taking this into account, we – as auditors – will have new tasks, too. One is to audit the expenditure related to the Green Transition financing, and the respective measures taken. I believe this meeting will help us prepare for such audits.

Since the Green Transition has many aspects, the Secretariat of the Group decided to conduct a survey among Members. The results show that the most interesting topics are: Climate, Energy, Industry and Green financing. I am sure that, as during the Spring Session, group work will let us exchange experience and know these topics better.

Once again let me thank you for being here today. I wish all of you an interesting and inspiring meeting.

Thank you.

Marian Banaś

Chair of EUROSAI WGEA
President of the Supreme Audit Office of Poland (NIK)

Part one: Keynote Speakers' presentations.

Mr Jeremie Crespin

European Commission

European Green Deal – general information

In his speech Mr Jeremie Crespin presented the framework of European Green Deal, which aims to boost the efficent use of resources by moving to a clean, circular economy and stop climate change,revers the biodiversity loss and cut pollution. The European Green Deal covers all sectors of the economy, notably transport, energy and agriculture. Mr Crespin mentioned some examples of perspectives for Green Deal. High ambitions,collective effort and urgent action are needed to speed up the transition to a sustainable,climate neutral and environmentaly friendly future. He also presented the connection beetween the nature's directives implementation, including in Natura 2000 and other protected areas, and the future Common Agriculture Policy. The terrestrial Natura 2000 network seems to be largely completed by today. Finally, Mr Crespin mentioned the EC aims at climate neutrality for Europe by 2050, implying a significant acceleration of emission reductions. The European climate strategy targeting at carbon neutrality by 2050 can succeeed if it shifts economy to a new development path.

Institute for Sustainable Energy-University of Malta

The potential of offshore solar energy

In his presentation Prof. Mule Stagno focused on the Floating Offshore Structure. Scientists at the Malta's Institute for Sustainable Energy have developed floating structures for offshore solar plants that are claimed to be robust enough to withstand central Mediterranean weather and cheap enough to be competitive with ground-mounted solar parks in small islands or large coastal cities. *We turned to offshore PV out of necessity* Professor Luciano Mule Stagno said and added, that *Here in Malta, we already have over 180 MW of installed PV capacity and there are not too many surfaces available for ground-mounted PV projects and onshore floating PV is not an option, as there are no water reservoirs or suitable lakes*.

The advantages of floatings solar system is that it doesn't take up valuable space on land. Floating solar on water has better efficency because they benefit from additional diffuse irradiation from surface reflections. Efficency of solar panel salso reduces due to higher temperature. Floating solar on water performs better because of the cooling effect of water in the surroundings. What is more important, the process of the production of energy remains active at night. The amount of produced energy relies mainly on the storage – in case of possesing enough storage, the amount of generating energy becomes practically unlimited. However it is worth mentionning, that storage system has its own challenges. This patent is part of the Solaqua project which aims to develop viable offshore PV farms by installing solar panels in open water. These offshore floating PV farms could be as cost-effective and reliable as those on land – an idea that has never progressed beyond the theoretical stage anywhere in the world. *The Solaqua project aims to prove that PV Systems can survive, and do so at a*

comparable cost to land-based PV farms. This project, which started approximately ten years ago, is now embarking on its third phase, stated Professor Mule Stagno.

EARSC
European Association of Remote Sensing Companies

Mr Dimitrios Papadakis

Examples of uses of Copernicus Sentinel data for environmental compliance assurance

In his presentation Mr Papadakis focused on the examples of uses of Copernicus Sentinel data for environmental compliance assurance. Legislation on environmental compliance has a long history. Over several decades, countries have signed treaties and implemented provisions at national or local level in order to achieve global localised environemntal goals. Water quality monitoring in Europe aims at providing means and procedures for controlling pollution and enforcing protection legislation. The Water Framework Directive (WFD) prescribes regular monitoring and reporting of series of parameters relevant for determining the ecological and chemical status of the water body. Earth observation and Copernicus in particular, provide feasible solutions for using programme's full free and open data of water quality sampling using SITU water quality instruments. Few countries use Earth observation to monitor and report water quality. Finnland seems to be a prominient example of a country, which has succesfully used satelite data for reporting under the WFD. This represents an excellent match for Copernicus, which aims to benefit primarily European public bodies and which has the potential to provide valuable tools for cross-checking the results of the audit, obtained by different means.

Ministerstwo Klimatu i Środowiska

Ms Katarzyna Smętek

The role of youth in just transition-education,green jobs and meaningful youth participation

The main priority of Ms Katarzyna Smętek's activitiy is to engage young people to be a part of climate decision-making processes. She belives, that intergenerational dialogue is the only way to solve global challenges we currently face. Ms Smętek, as a Climate Pact Ambassador, is focused on encouraging youth to implementation the European Green Deal on grasroots level. Ms Smętek claims, that *talking about climate change* is not enough, but meaningful youth engagement in a climate policy is needed. Young people have the right to participate in climate policy making and the Climate Pact provides framework to institutionalise youth particpation in climate policy. Ms Smętek explained the role of youth movement stating, that the Grean Deal would have not been achieved without youth movement including climate strikes. In her opinion young people have the right to say on matters that concerns them and their involvment in Just Transition is a key to success. Mr Smętek's idea is that the mission is to seize the opportunity offered by the transition to a cleaner, more efficient economy, which offers a new life to our regions for upcoming decades.

Part two: SAIs experience.

Ms Jana Pechova, SAI Czech Republic

Energy Efficency

Colleagues from the Czech SAI published a report on support for energy savings in public buildings. The aim of the audit was to determine whether funds intended to support energy savings in public buildings were spent in accordance with the law, and contributed to meeting energy reduction objectives set in European and national regulations. Ms Pechova expressed various goals of energy savings: maximising the effectiveness of energy use, maximising efficiency when acquiring and converting energy sources; maximising heat saving; maximising the efficiency of energy-consuming appliances and finally maximising the efficiency of distribution networks.
The main conclusions of the audit were: to scrutinise the provison of finances to support the energy savings including assessing the result achieved compared to the goals set and the funds used. Ms Pechova also expressed recommendations directed to the state instituitons responsible for energy savings in the Czech Republic – to take appropriate steps to improve the situation in line with the audit findings.

Ms Clothilde Fretin-Brunet & Mr Erwan Rigaud, SAI France

Flash audit launch of MAPrimeRenov

Colleagues from SAI France presented a new form of the audit called flash audit on the example of the MaPrimeRénov' scheme – an initiative set up to help with the energy renovation of homes and to achieve national targets related to global warming. The programme aims to renovate 500,000 homes each year and has therefore been open, since 2021, to almost all homeowners eligible for aid based on their income level. The programme is managed by the National Housing Agency (ANAH). This initiative is financed until 2022 to the tune of €2 billion as part of the recovery

plan. During the presentation, Mr Rigaued stressed, that neccessary is to gather sufficient team to work on this kind of audit especially in terms of data analyzing when the auditors are not always used to work on big data bases. Besides Mr Rigaud explained, that flash audit seems to be similiar to compliance audit methods, focused mostly on facts checking.

Ms Alice de Haan & Ms Emmy Bergsma, SAI The Netherlands

Protecting drinking water against geothermal risks in the Netherlands

The representatives of the Dutch SAI described the results of the audit, which was part of the multiyear energy transition programme started in 2019. The subject of the audit was the analysis of the Dutch Public Policies on the energy transition. The key question was if the government effectively regulated and protected drinking water aquifers in the light of the development of geothermal energy in recent years. The auditors paid their attention to the tension caused by underground extraction of the drinking water and the production of geothermal energy, which is accompanied by real risks, like: earth tremors, groundwater mixing and leakage of dangerous liquids . It was mentioned, that in The Netherlands 60% of drinking water is produced from the groundwater and 40% from surface water. The quality of the sources is insufficient and some purification is necessary to be introduced by the drinking water companies. One of the recommendations of the audit was, that Minister of Economic Affairs and Climate Policy and the Minister of Infrastructure and Water Managment strenghten their coordination of the organisation and managment of the underground activities. Besides the Dutch SAI pointed the need of the regulations on underground activities made more coherent. The Drinking Water Act classifies the supply of drinking water as an”important interest” but it is referred to as „equal” to geothermal energy in the policy strategy on the use of underground space. The Dutch auditors recommended that the Minister of Economic Affairs and Climate Policy and the Minister of Insfrastructure and Water Managment put proposals to the Parliament to define and clarify these terms mentioned above in law and then apply

them consistently.

Ms Vivi Niemenmaa, INTOSAI WGEA

Intosai WGEA updates

Ms Vivi Niemena presented an overview of the annual activities of INTOSAI WGEA. Ms Niemenmaa mentioned, that INTOSAI WGEA database includes more than 4000 audits by now. Besides the INTOSAI WGEA Secretariat published recently two training videos focused on introductory lesson on environmental auditing and the other one relating to Sustainable Development Goals (SDG) where Ms Niemenmaa provides an overview of the conceptual background of sustainable development, as well as the way Supreme Audit Institutions have audited the implementation of SDGs from the point of view of environmental problems. INTOSAI WGEA also examined the challenges faced by SAIs in the context of SDG audits and identified problems e.g. the assessment of policy coherance and the availability and quality of information. During this year and the following one, INTOSAI WGEA will continue to develop sustainable development approach and the ways of better integrating the Sustainable Development Goals into the audit work.

Ms Katy Losse, SAI UK

The unique role SAIs can play on environment and climate change

Ms Katy Losse pointed out that Supreme Audit Institutions can draw on a unique set of strengths to help assess whether climate ambition is transformed into effective action. Ms Losse presented four key ways in which SAIs can add value on issues of environment and climate change within their countries: holding governments to account for how public money is used to achieve environmental aims, testing the

realism of governments' delivery plans, examining whether governments have a framework (including monitoring progress, and co-ordinating across government) that is likely to support long-term success and encouraging audited bodies to take a robust approach to assessing and reporting environmental and climate risks for their organisation. She also expressed the point of view, that there are other ways SAIs can engage with environment and climate change issues, and other ways of thinking about and describing the valuable role that SAIs can play.

Part three: Working Groups

Climate Group

The participants in the climate working group were focussed on 4 points:

- ✓ What and how the governments implement climate related actions and measures with the European Green Deal.
- ✓ Government actions for adaption to climate change.
- ✓ Topic related to strategies for mitigation of climate change.
- ✓ The effectiveness of sanctions and exemptions such as tax exemption, which may affect their effectivness in reducing average CO_2 emissions.

Participants had also an opportunity to discuss different issues, like: the strategic plan for forests (including protection,restoration and afforestation), electric mobility in the automotive industry and high level of recycling.

Energy Group

The participants in this working group were focused on ecological and energy transition sharing some experience related to particular national audits. The specific topic was how to audit fraud skimms. Besides the group also concentrated on how to develop policies promoting energy efficency in public buildings.

Green financing Group

Members of that group concetrated on discussion how green financing can be related to environmental taxes. Participants shared some information about the new role of Emission Trading System (EU ETS) and EU Taxonomy Regulation for Sustainable Finance which still seems to be a very problematic and specific regulation to be implemented.

Industry Group

Participants of the group had an occasion to discuss about topics related to industry .Fruitful and open-minded discussion about each of the proposals and each of audit topics as well in relations to difficulties in terms of audit ability. Summary of EU regulations and member states legislation: implementing and requirements audit directive, how EU institutions are applying suistanable principles concerning industry in their strategies. Discussion about EU requirements was based on directives and other EU legislative acts. There are some national variations in requirements therefore it its important to control the process of the legislation.

Summary:

The annual meeting of EWGEA in 2021 was devoted to the issue of Green transition. Environmental sustainability and the green transition are central goals of European societies and economies.

The annual meeting was divided into two days. At the beginning of the first day, participants had the opportunity to listen to the representatives of the European Union, University of Malta, European Association of Remote Sensing Companies and Youth Climate Council at the Polish Ministry of Climate and Environment. Besides, audience attention was focused on representatives of particular SAIs sharing the findings of their audits. Additionally, participants of the meeting got acquainted with current activities of the INTOSAI WGEA and also with the stage of the advancement of the project related to the role of SAIs in the face of the climate change.

On the second day the participants were divided into four working groups (Energy, Industry, Green Financing and Climate). Each group had the opportunity to discuss some specific issues related to the topics mentioned above. Leaders of the groups shared main conclusions occured during working groups sessions during the plenary session.

However this year's meeting was held as a remote again, thanks to EWGEA Members' involvement and great activity, all participants had an occasion to share interesting discussion and thoughs concentrating on this huge European project, which Green transition seems to be. Summarizing the meeting, EWGEA Secretariat express its willingness to keep the fruitful cooperation among SAIs on this satisfactory level hoping to meet each other in person as soon as circumstances let organising such an event in a safe way.