



## **Court of Accounts of the Republic of Moldova**

# **Environmental audit on biofuels: challenges and importance**

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# General objective

***Is the national legislation in the area of biofuels connected to international best practices and in order to achieve the proposed goals are there mechanisms of achievement, financial support and indicators of progress?***



# Sub-objectives

- 1. Is the national legislation harmonized with the community acquis and do the policy instruments stimulate the relevant/appropriate increase of use of biofuels?*
- 2. Are the policies in the area of biofuels for transport consumption accompanied by sustainability criteria and specific tools of achievement?*
- 3. The production of biofuels at nationwide, including its results shall be quantified objectively and properly tested in order to determine the level of implementation of state policy in the area of biofuels and country's progress towards the achievement of goals in this area?*
- 4. Does the financial support for projects of area financed by Energy Efficiency Agency area and National Environmental Fund and also the existing regulatory tools/mechanisms ensure the achievement of objectives and the conformity of obtained results with policy objectives?*
- 5. What is the impact of raw materials production and use of biofuels on agriculture and environment?*



# Sources of audit criteria

- **The directive 2012/27/EU** of the European Parliament and of the Council from 25th of October 2012 on energy efficiency;
- **The directive 2009/28/EC** of the European Parliament and of the Council from 23rd of April 2009 on the promotion of energy use from renewable sources;
- **The directive 2003/30/EC** of the European Parliament and of the Council from 8th of May 2003 on the promotion of the use of biofuels or of other renewable fuels for transport.
- **The directive 2006/500/EC** from 29th of May 2006 on the conclusion by the European Community of the Treaty establishing the Energy Community;
- **Energy Strategy of the Republic of Moldova until 2030**, adopted by GD No. 102 from 05.02.2013.
- **The relevant national legislative framework.**



# Audited entities

## ❖ ***Central specialized entities:***

- Ministry of Environment;
- Agency for energy efficiency;
- Ministry of Economy.

## ❖ ***Entities that were to achieve the proposed goals:***

- Some local public authorities;
- Other relevant entities.



# Audit Methods

- Document examination
- Direct observation
- Collection and analysis of all types of audit evidence:
  - physical (photos)
  - verbal;
  - documentation;
  - analytical.





# Audit approach

The overall audit approach was based on:

- **problems** (identifying of shortcomings, failures, verification and analysis of the problems and deviations from the criteria)  
**and**
- **results** (if the objectives have been met and whether the activities are carried out as planned).





## Findings regarding certain deficiencies in the carrying out of specific activities

- ❑ ***the relevant policies need to be updated*** in order to develop regulations on biofuels production, their quality, impact of feedstock production on agricultural land, use of incentives for promotion, use and production of biofuels, the determination of tariffs on types of renewable sources, which will contribute to the achievement of the targets;
- ❑ ***the reporting of indicators from the area of biofuels is irrelevant and incomplete*** because it does not exist a comprehensive methodology that would establish criteria, procedures and methods to create it. The responsible authorities do not have complete data on production, use, import and export of biofuels, thus, the realization of the objectives cannot be systematized and the respective area cannot be effectively evaluated/monitored;
- ❑ ***due to not approving of legal regulations on the production and use of biofuels, the specific criteria for their durability were not established;*** which causes the failure of target objectives realization;
- ❑ ***the financing of actions of policy implementation on the production and use of biofuels is dispersed between the central specialized authorities,*** the data on achievement of predetermined goals are not systematized and analyzed, which does not provide an overview of the development of the area;
- ❑ ***the sector of production of biofuels requires normative regulations approved and directed on the efficient and effective use of the allocated resources ,*** which is also mandatory for information and reporting by the authorities and entities providing or developing the means for the development of the area to the central specialized authority, which would allow the analyzes, data collection on achieving of the expected results, their registration and record;
- ❑ ***the public resources allocated from the National Environmental Fund for the implementation of two projects for obtaining renewable energy sources (biogas, solid biofuels) were allocated in the absence of substantiated assessment of projects and of a systematic monitoring.***



# Recommendations to audited entities

**Among the most important recommendations can be considered the following:**

- **Developing of the legal framework necessary to achieve the national objectives in the area of biofuels**, which would ensure the achievement of proposed objectives in policies on the promoting the use of energy from renewable sources;
- **Developing a methodology on creating a database related to RES**, including mechanisms and procedures for collecting of accurate and complete information on production/consumption of biofuels and providing of reports to the database;
- **Ensuring the certification of biofuels quality;**
- **Approving of regulations on support process and development of the sector of fuel production from solid biomass in the Republic of Moldova**, to ensure compliance of selecting the beneficiaries and use of financial resources in order to achieve the proposed goals;
- **Developing and approving of rules specific to the area, of studies on environmental, economic and social impact of raw material production and use of biofuels**, which would ensure a coherent approach between energy and environmental policies and also the establishing of criteria of sustainable development in the area.



# Challenges/Barriers

***The area of biofuels is very new for the Republic of Moldova, therefore, the audit generally faced with challenges related to this issue, and namely:***

- ❖ early experience in this area of entities that manage and implement the field of biofuels, including the Court of Accounts;
- ❖ the communication with deficiencies with the audited entities;
- ❖ the not holding by the specialized central authorities of systematic data on initiated projects and obtained results.



# Lessons learned

## For the Court of Accounts:

- To perform an audit in the area of biofuels it is necessary a thorough study of international practice in this area;
- There are needed trained/experienced human resources and as appropriate, it is important to attract experts in this field.

## For audited entities:

- Biofuels contribution to securing the energy supplies is extremely important for the Republic of Moldova, both in economic and social terms, and also political.
- In order to promote and develop renewable energy resources, it is necessary a substantial harmonization of national legislative framework with EU directives and requirements of international conventions in the area.
- The lack of a comprehensive and fundamental analysis of environmental, economic and social impact as a result of raw material production and use of biofuels may have harmful consequences on the environment.



**Thank you for your  
attention!**