

EUROSAI Working Group on Environmental Auditing
Seminar: Auditing Climate Change, Copenhagen March 2010

AUDITING THE GREEN SAVINGS PROGRAMME in the Czech Republic

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INTERNATIONAL POLICY FRAMEWORK

- **UN Framework Convention on Climate Change – CZE**
ratification, October 1993

- **Kyoto Protocol** - entered into force in January 2005
 - CZE signature, November 1998
 - CZE ratification, November 2001

- **Bilateral arrangements** on co-operation in the implementation of the UN Framework Convention on Climate Change and its Kyoto Protocol in accordance with Articles 6 and 17 of the Kyoto Protocol

DOMESTIC POLICY FRAMEWORK

- Government Resolution No. 480/1999 on Climate Change Strategy of the Czech Republic
- Act No. 388/1991 Coll. on the State Environmental Fund of the Czech Republic (**SEF**)
- Act No. 695/2004 Coll. on terms of trading with and handling greenhouse gas emission allowances (amendment 1 September 2008)
- Ministry of the Environment Directive No. 9/2009 on the provision of financial resources from the State Environmental Fund of the Czech Rep. under the Green Savings Programme

DOMESTIC POLICY FRAMEWORK

Responsibility of the governmental bodies:

- Ministry of the Environment (as well “MoE”)
- Ministry of Industry and Trade
- Ministry of Transport and Communications
- Ministry of Agriculture
- Ministry of Finance
- Ministry of Foreign Affairs

Green Investment Scheme - BASIS

○ **Kyoto Protocol, Article 17**

“The parties included in Annex B may participate in emissions trading for the purposes of fulfilling their commitments [...]. “

○ **Decision -/CMP.1, Modalities, rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol**

“A Party that authorizes legal entities to transfer and/or acquire under Article 17 shall remain responsible for the fulfilment of its obligations under the Kyoto Protocol and shall ensure that such participation is consistent with the present annex.”

AAUPAs under GIS (CZE)

Expected emissions surplus 2008-2012	approx. 150.000.000 AAUs
International Emission Trading 2008-2012	approx. 100.000.000 AAUs

Green Investment Scheme – FOLLOW-UP ARRANGEMENTS

Implementation of the Green Investment Scheme:

- Memorandum between the Government of Japan and the Government of the Czech Republic on co-operation in the implementation of the UN Framework Convention on Climate Change and its Kyoto Protocol in accordance with Articles 6 and 17 of the Kyoto Protocol
- Guideline for Implementing the Green Investment Scheme (as well “**GIS**“)
- Green Savings Programme (as well “**GSP**“)
- **Further bilateral arrangements for transfers of AAUs**

Green Investment Scheme – FOLLOW-UP ARRANGEMENTS

Contracts under GIS:

Buyer	Quantity of AAUs [millions]	Date of contract
NEDO	40	30 th March 2009
Mitsui & Co., Ltd.	20	30 th September 2009
Spain	5	12 th October 2009
Austria	3,5	13 th October 2009
IN SUM	68,5	

Categories of the specific environmental measures within GIS:

- Promotion of energy efficiency
- Promotion of heat production from renewable energy sources
- Promotion of new construction
- Capacity building for promoting the above mentioned activities including technology transfer from Japan to the Czech Republic



Green Savings Programme – BACKGROUND

- Provided by the State Environmental Fund of the Czech Republic (SEF)
- Started in April 2009
- Each activity serving as the specific environmental measure
- The payment is pooled in an account of SEF as the fund
- SEF monitors the activities for which the fund is allocated.
- The overall anticipated programme allocation is up to 1 billion EUR

Green Savings Programme – AREAS OF SUBSIDY

A. Energy savings (thermal insulation)

A.1 complex insulation, A.2 partial insulation

B. Constructions in passive standard

C. RES use for hot water preparation and additional heating

C.1 Heat source exchange (biomass boilers and heat pumps)

C.2 New installations of heat sources (biomass boilers and heatpumps)

C.3 Solar systems(hot water preparation, hot water preparation + additional heating)

D. Subsidy bonus (combinations: A1/A2+C1, A1/A2+C3, B+C3, C2+C3)

Green Savings Programme – ESTIMATED BENEFITS

- Reduction of CO₂ : –1.100.000 t / year(compare 2013/2008)
- Reduction of local dust pollution: –2.200 t / year (compare 2013/2008)
- Increase heat production from RES:+ 3.700 TJ
- Creation or kept jobs, limiting the energy import dependence,
- Reduction of emissions of other local pollutants (SO₂, NO_x)



Auditing GSP – PRELIMINARY STUDY

Design of the audit:

SUBJECT:

Financial means allotted to support activities leading to reduction greenhouse gases (GHGs)

OBJECTIVE:

Savings goals fulfilment – To examine GSP aimed at activities leading to reduction of GHGs

= *Does the GSP work? & Is progress being made?*

Auditing GSP – PRELIMINARY STUDY

The following sources of criteria were considered:

- **LEGAL FRAMEWORK** - including international and domestic regulations
- **GSP** - Indicators of direct effects (*Indicators set by auditee/auditor*)
- **GIS and GSP** - Intended and unintended consequences (*Auditees' commitments*)

Auditing GSP – PRELIMINARY STUDY

The following types of criteria were considered:

OUTPUTS: definable /measurable outputs of specific activities (eg. Number of supported projects in each area of green saving)

OUTCOMES: Direct and immediate effects of support

IMPACTS: long-term all-society impacts corresponding to the main goals of the environmental effort (contribution to the stability of the global climate system)

Auditing GSP – PRELIMINARY STUDY

Issue Analysis

Level 1 /Two key audit questions were set in context of suggested audit objective:

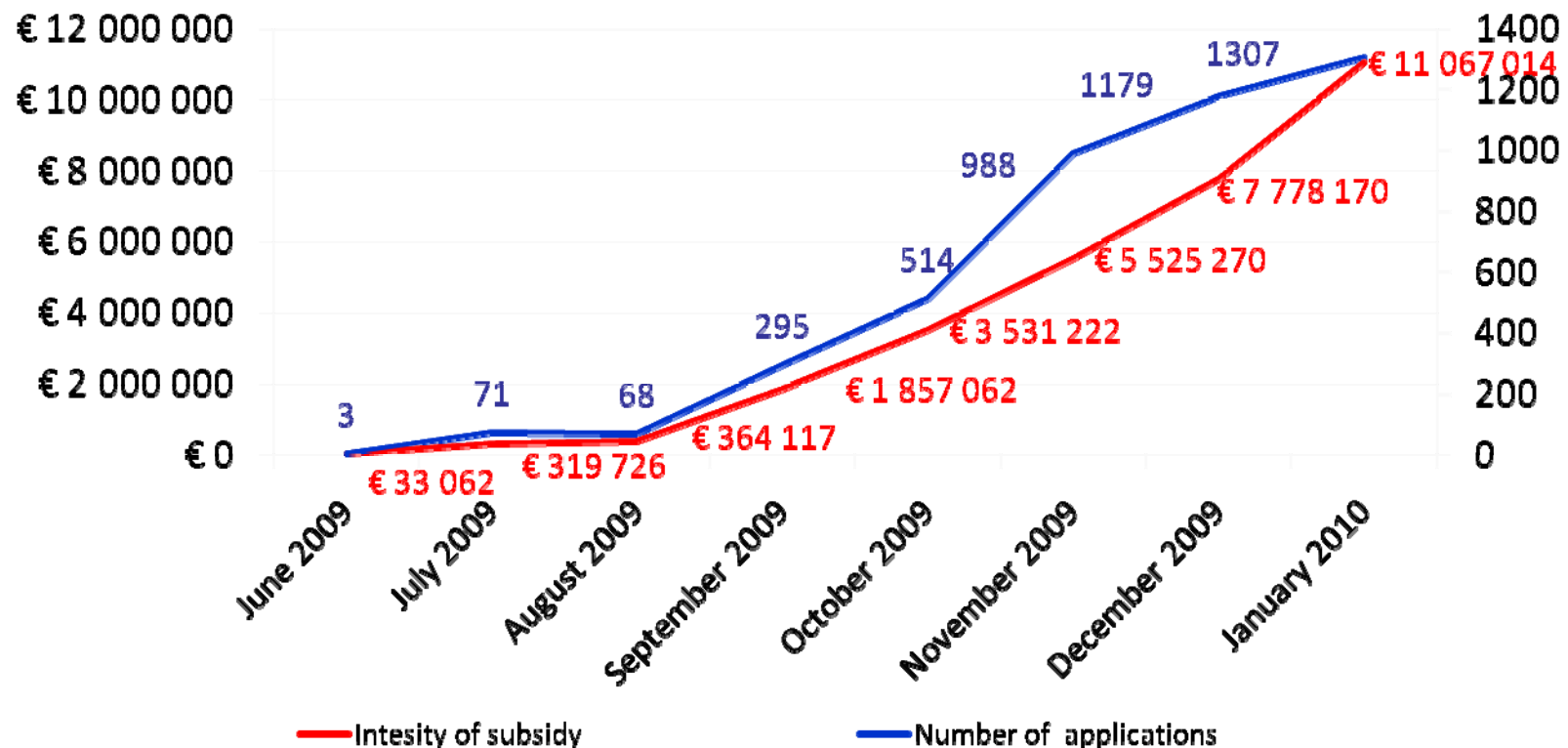
A. Was emissions trading scheme on the national level set up properly and does it ensure maximum benefit for green savings activities?

B. Does MoE provide efficient utilization of time limited financial means from the international emission trading scheme?

Auditing GSP – PRELIMINARY STUDY

Analysis of GSP progress (monthly view)

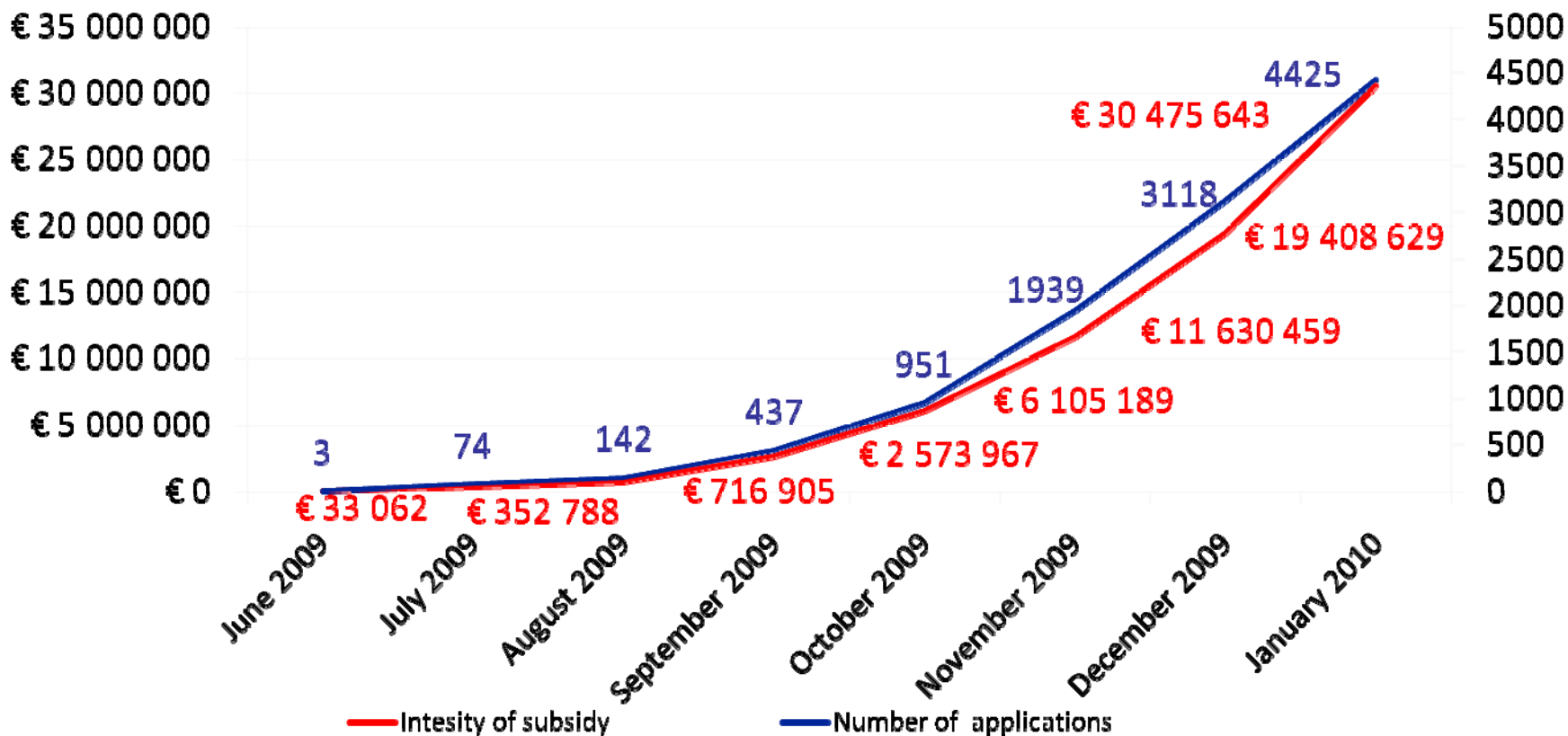
Data source: SEF & MoE



Auditing GSP – PRELIMINARY STUDY

Analysis of GSP progress (cumulative view)

Data source: SEF & MoE



Auditing GSP – PRELIMINARY STUDY

Logic desing matrix

A tree of audit questions	Source of criteria	Criteria	Audit evidence	Methodology
1. Level (2 Q) 2. Level (8 Q) 3. Level (30 Q)	Generally binding legislative norms Auditees` commitments Performance indicators set by auditees Performance indicators set by auditor	SAMPLE B1 SAMPLE B2	SAMPLE B1 SAMPLE B2	SAMPLE B1 SAMPLE B2

Auditing GSP – PRELIMINARY STUDY

Logic desing matrix / SAMPLE B1

Audit questions (2.-3. level)

2. Have the endorsed targets of GSP been attained?

2.1 Did the implementation of GSP result in the delivery of suitable projects to achieve the declared reduction of CO₂ ?

2.2 Did the implementation of GSP result in financial savings for owners and builders of family and multiple-dwelling houses?

2.3 Are the existing results of outsourcing in line with the expectation of the MoE?

Criteria: Performance indicators based on goals and applicable to GSP

Audit evidence: *Hypotesis confirms/contradicts progress of the implementation of GSP*

Methodology: Analysis of Departmental data, Interviews with Departmental staff , Interview with external subjects providing selected GSP activities, Semi-structured interviews with stakeholders, Case study – Application for family house, Document review.

Auditing GSP – PRELIMINARY STUDY

Logic desing matrix / SAMPLE B2

Audit questions (2.-3. level)

3. Did the MoE set the specifications of GSP measures in a way to maximise the positive outcome?

2.1 Were the initial analyses of the situation of an overall environmental support done?

2.2 Did the MoE divide the implementation of GSP into manageable stages by setting appropriate milestones?

2.3 Did the MoE set the appropriate measures that make it possible to compare the achieved results with the specified outcome?

Criteria: Measures that indetify and manage key risks, Adjustments to GSP based on fair and relevant information

Audit evidence: *Hypotesis confirms/contradicts progress of the implementation of GSP*

Methodology: Analysis of Departmental data, Interviews with Departmental staff , Document review.

Auditing Green Savings Programme

Thank you for your attention!

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