



# INTOSAI WGEA COP28 BULLETIN Impact for Climate Action



**INTOSAI**  
Working Group  
on Environmental  
Auditing

*National governments are increasingly building up domestic policies and funding instruments for climate action. As governments direct more funds towards climate action, it is important that spending is effective and fair, bringing maximum benefits to the environment, societies, and economies. This is where Supreme Audit Institutions (SAIs) as external government audit institutions can play a significant role by holding their governments accountable for their actions. Money as such is not enough – we also need value for it!*

**Want to learn more? Join us for a journey with environmental auditors!**

The International Organization of Supreme Audit Institutions (INTOSAI) operates as an umbrella organization for the Supreme Audit Institutions (SAIs) within the international external government audit community.

The INTOSAI Working Group on Environmental Auditing (WGEA) supports SAIs in their audit activities in the environmental and climate policy fields. Founded in 1992, the Working Group today has 85 member SAIs around the world. As part of its activities, the INTOSAI WGEA develops audit approaches and provides training and a platform for exchange of information among peers. There are also six regional WGEA Groups.

The current INTOSAI WGEA activities are organized under two thematic hubs.



## CLIMATE AND BIODIVERSITY HUB

ClimateScanner: Coordinated Rapid Reviews with SAI Brazil

Climate Change Adaptation Actions, Cooperation with IDI

INTOSAI-Donor Cooperation Working Group on Climate Change

Nexus Area: Climate and Biodiversity



## GREEN ECONOMY HUB

Environmental Accounting

Green Fiscal Policy Tools

Sustainability Reporting

## ClimateScanner is developing metrics to assess governments' climate action

SAI Brazil leads a global project called [ClimateScanner](#) that develops metrics for SAIs to do rapid reviews of government actions related to climate change. The project concentrates on three axes: governance, public policies, and finance. The tool will be finalized by the end of 2023, and in 2024, all SAIs around the world are invited to apply the tool nationally. By the end of 2024, the project will publish a global panorama based on national reviews.

## Climate Change Adaptation Actions – global cooperative audit

Up until the 2020s, SAIs mainly audited climate change mitigation actions. However, the 2021 WGEA's survey to SAIs noticed a growing interest in climate change adaptation. Currently, the INTOSAI Development Initiative facilitates a cooperative audit on [climate change adaptation actions](#). SAIs receive integrated professional education and audit support for conducting high quality and high impact performance audits on disaster risk reduction, water management, sea level rise, coastal erosion, and adaptation planning. Participating SAIs will conduct their audits in 2024 and 2025, after which a joint report will be released.

## Support for developing country SAIs

As up until now climate change has been audited predominantly in the Global North, there is a need to scale up capacity in the Global South. The INTOSAI Donor Cooperation, together with the WGEA, supports SAIs from developing countries by building technical capacities and expertise in the field of environmental auditing and climate. The [project](#) provides training to SAIs through the IDI Global Foundations Unit and pilots peer-to-peer support between a more experienced SAI and a beginner SAI.

## Nexus between climate and biodiversity

Climate change and biodiversity loss are closely interrelated but often reviewed in administrative silos. Without sufficient coherence, there is a risk that climate change mitigation measures have a harmful effect on biodiversity. Therefore, this [project](#) is included in the 2023–2025 workplan with an aim to provide SAIs with tools for considering biodiversity effects while auditing the implementation of climate change mitigation policies and measures. Thus, the project helps to solve the twin crisis coherently.

## All WGEA projects are connected to climate change

The WGEA projects under the Green Economy hub also have many links to climate: [environmental accounting](#) includes climate metrics, many [green fiscal policy tools](#) deal with climate and energy, and climate disclosures have recently been key drivers in private-sector [sustainability reporting](#).



## Climate audits on the rise

The global 2021 WGEA survey found out that environmental audits and particularly climate audits are on the rise. So far, climate-related performance audits assessing the economy, efficiency, and effectiveness of implementing climate policies have predominantly been done by the Global North. However, as the cooperative audit on climate change adaptation shows, more audits are to come, and increasingly so in the Global South.

An audit database hosted by the INTOSAI WGEA includes hundreds of audits. In recent years, from 2021 to October 2023, SAIs have submitted 36 climate-related audits to the database from ten countries in Europe, North America, and Asia. They have addressed climate issues from the following perspectives:



SAIs have made observations on climate spending, carbon pricing systems, and energy taxation:

- SAIs call for better and more reliable reporting on climate spending, including taxation, adverse spending, and carbon pricing.
- SAIs pay attention to the effectiveness of budget spending and underline that climate ambitions should not cost taxpayers and consumers more than necessary.
- SAIs also raise alarm over financial risks posed by climate and call for better risk management, impact assessments, as well as measuring and reporting.

SAIs have found mitigation efforts contributing towards climate change goals:

- However, these efforts are not sufficient to achieve the 2030 or net zero targets.
- SAIs have observed unclear objectives, lack of planning for implementation, and poor performance in reaching the targets.
- Several audits point out the lack of coordination between authorities and call for better coherence between policy areas and ministries as well as in relation to local authorities.

## Policy incoherence – subsidies to fossil fuels

Since 2020, one of the INTOSAI WGEA's areas of attention has been policy coherence. In 2022, the WGEA published a [report](#) on tools for assessing policy coherence in the context of the SDGs, and currently it examines the nexus between climate and biodiversity.



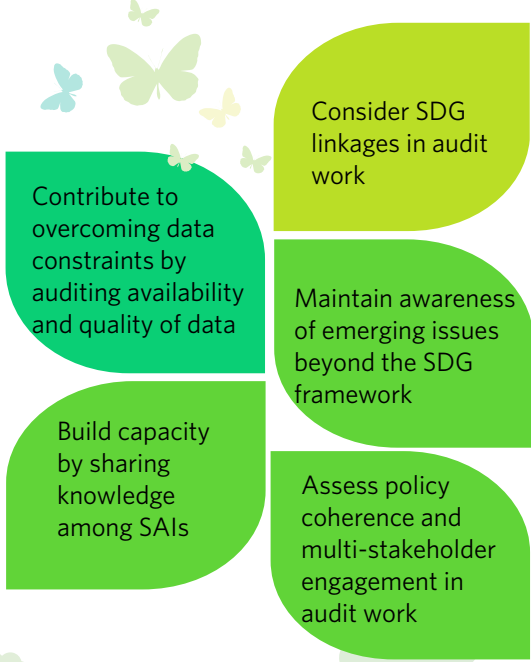
One example of policy incoherence is subsidies to fossil fuels, which offset the efforts to mitigate climate change. For example, SDG 12.c urges to rationalize inefficient fossil-fuel subsidies. SAI Canada's reports in 2017 and 2019 found that Canada's assessments to identify inefficient tax subsidies for fossil fuels were incomplete. In 2022, [SAI Estonia](#) called for mapping and assessing economic measures which may counteract with environmental objectives to gain a clear understanding of their socio-economic costs. In 2016, [SAI France](#) noted in its inventory of all tax measures likely to have an impact on the environment that the amount of unfavourable incentives is greater than that of favourable measures, thus offsetting the positive impacts. Also, the [European Court of Auditors](#) found in 2022 that some EU Member States spend more on fossil fuel subsidies than on green subsidies. SAIs call for mapping all fiscal tools and consistency among governments' tax systems.

Key messages of the INTOSAI WGEA work in 2020-2022 related to the SDGs is summarized in the following infograph:

### ENHANCING UNDERSTANDING OF THE ENVIRONMENTAL SDGS: SUMMARY OF INTOSAI WGEA WORK PACKAGES 2020-2022

The WGEA summary paper enhances the understanding of the **environmental SDGs** by discussing how the SDGs are considered in audit work across the thematic areas of plastic waste, climate finance and sustainable transport. The paper explores the shared messages, common barriers and lessons learned. These key insights serve to support SAIs in driving action towards achieving Agenda 2030.

This summary paper builds on the work from WGEA Work Packages 2020-2022 and provides the following key messages for SAIs



More information: [www.wgea.org/publications](http://www.wgea.org/publications)



## WGEA focus: Climate finance – limitations of assessing the 100 billion annual target

The international community has committed to providing 100 billion dollars annually to developing countries to tackle climate change. An INTOSAI WGEA project led by SAI USA scrutinized the possibilities of SAIs assessing how governments have achieved this target. The [project](#) (2022) found several limitations in such assessments:

- The 100 billion target is a shared one, and there are no national targets. Therefore, it is difficult for SAIs to keep their governments accountable for the achievement of the spending target.
- There is no internationally agreed definition of climate finance. Therefore, it is difficult to make comparable assessments.
- The 100 billion target is a quantitative one, and it does not say anything about the impact of funding. Consequently, performance audits looking into the efficiency and effectiveness of the funding are crucial.

The project suggested alternative audit criteria for assessing climate finance, including national laws and policies, the Rio markers, and best practices.

## WGEA focus: Climate resilience and SIDS as frontline communities – recommendations for SAIs

The INTOSAI WGEA's 21st Assembly focused on climate resilience. The hybrid event hosted by SAI Maldives made the following [conclusions](#) on what SAIs could do:

- Remind of the significant risks that climate change poses to public sector budgets.
- Examine the risk assessments of governments.
- Call for long-term considerations.
- Stress that good data and monitoring serves more informed decision-making.
- Examine whether governments work across sectors and enhance policy coherence.
- Help governments to pay attention to inequalities both nationally as well as globally in the spirit of the 2030 Agenda and “leaving no one behind”.



*Junie's drawing was one of the winners of a drawing competition held in the context of the 21st INTOSAI WGEA Assembly at Ukulhas.*

## Impact of audits: What difference do audits make?

Assessing the explicit impact of audits and their recommendations is not always easy, as many compounding developments at the national and international levels affect government policy decisions and actions. SAIs often conduct follow-up audits to examine the implementation status of their recommendations and thus the impact of their work. Below are some examples of where government action has aligned with SAI recommendations following an audit report:

**SAI USA (Government Accountability Office, GAO)** has had [Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks](#) on its High Risk List since 2013. GAO's past work shows how Congress and federal agencies can develop an [organizational arrangement](#) to prioritize federal climate resilience investments to reduce this fiscal exposure. To guide federal efforts to enhance resilience to climate change, GAO developed the [Disaster Resilience Framework](#). The framework is organized around three guiding principles—information, integration, and incentives—and a series of questions that can help identify opportunities to improve federal resilience efforts.

GAO has also [conducted audits](#) using the Disaster Resilience Framework to help agencies reduce federal fiscal exposure by better managing climate change risks within specific programs. For example, in [September 2021](#), GAO identified and summarized the strengths and limitations of 10 policy options available to the U.S. Department of Transportation to further enhance the climate resilience of federally funded roads. Among other possibilities, adding climate resilience requirements to grant programs could help reduce federal fiscal exposure. GAO recommended that the Department of Transportation consider how to implement these climate resilience policy options when prioritizing federal investments in roads and bridges. Subsequently, Congress included some options in legislation and the Department of Transportation took some first steps toward considering climate risk in its programs.

**SAI Finland (National Audit Office of Finland, NAOF)** audited [Finland's international climate finance](#) in 2021. SAI Finland noted that the Ministry for Foreign Affairs does not have a published plan regarding the amount, allocation, and effectiveness of climate finance, which was expected to be growing. The SAI recommended that the Ministry for Foreign Affairs draw up a public plan for increasing and allocating Finland's international climate finance, justifying the choices, emphases and advocacy objectives contained in it. The SAI also called for better monitoring, recording, and reporting of the results of climate finance. The audit was well received, and in 2022, the Ministry published a first long-term plan for climate finance. In the plan, it refers to the NAOF's audit recommendation on creating a strategy. The plan also includes a chapter on the planning, monitoring, reporting and communication of the effectiveness of funding. The Ministry also commissioned an external evaluation of Finland's international climate finance as recommended in the audit.

**SAI Canada (Office of the Auditor General, OAG)** audited the early implementation of [Canada's Emissions Reduction Fund](#) in 2021. The report found that the project assessment process lacked consideration for factors like value for money, reliable estimate methodologies, and minimum funding requirements to achieve results. As a result, the program implemented changes to its assessment process for its next application intake period in line with recommendations from the OAG, which included requiring a cost-per-tonne threshold to ensure value for money, requiring a minimum funding estimate, and only funding projects that go beyond the regulatory requirements.

A 2020 audit of [Just Transition to a Low-Carbon Economy](#) [found](#) that the Government of Canada had not developed the legislation that it had committed to advancing in 2019 in order to support affected workers and communities. The report called on the government to outline a federal implementation plan, formal governance structure, and monitoring and reporting system. On its [webpage](#), the government credits the OAG's recommendation to bring forward legislation to establish a plan and governance and accountability mechanisms as one of the considerations informing the Canadian Sustainable Jobs Act that is currently under development.

**The European Court of Auditors** published in 2018 a [special report on desertification in the EU](#), flagging the increased vulnerability to land degradation in the European Union. Healthy soils are essential for achieving climate neutrality, a clean and circular economy, reverse biodiversity loss, provide healthy food and safeguard human health. While other vital environmental resources such as air or water are governed under various EU directives and regulations, there is no similar integrated EU legislation on soil.

Studies confirmed that, while no overarching soil protection legislation exists at EU level, national soil protection legislation – if it exists – failed to prevent desertification and soil degradation across the EU. The Court therefore recommended that the EU assess the appropriateness of the current legal framework for the sustainable use of soils across the EU. In 2023, the EU proposed a new Soil Health Law to protect and restore soils and ensure that they are used sustainably. Directly addressing such recommendation, this legislative initiative provides the opportunity to raise standards for soil and manure management and to improve data collection, monitoring and evaluation on soil health.

SAI Brazil (Federal Court of Accounts – Brazil, TCU) audited the stage of implementation and management of federal protected areas in 2020 and followed up previous recommendations that had been issued in 2014. The report concluded that the Brazilian protected areas are effective in avoiding deforestation and in absorbing carbon from the atmosphere, given that forests are over six times more conserved inside these territories than outside them, according to the georeferenced data from 2007-2017 collected in the audit. Therefore, protected areas are key in climate change mitigation policies. The audit also assessed policy coherence by means of the [DFOG Analysis](#) (Duplication, Fragmentation, Overlap, and Gap Analysis), and highlighted misalignments between the public policies of protected areas, ecotourism, and territorial consolidation, such as silos and blind spots concerning programs and agencies, with negative consequences, for instance the waste of the economic touristic potential of protected areas and biodiversity loss. On the other hand, improvements in some aspects have been identified since the previous audit, such as the elaboration of management plans for most protected areas, according to the [INDIMAPA](#) (Index of Implementation and Management of Protected Areas).

The audit was part of the Coordinated Audit on Protected Areas, which has had three editions in a decade frame (2013-2023) is led by TCU, and gathers more than 100 auditors from 34 audit teams. The Coordinated Audit has assessed over 2,500 protected areas altogether in 24 countries in Africa, America, Asia, and Europe. The results of the [first](#) and [second](#) editions are available online, whereas the third edition's communication products are under development.

SAI UK's (National Audit Office, NAO) audit on [environmental sustainability at the Ministry of Defence \(MoD\)](#) in 2020 gave an overview of the approach taken by the MoD towards environmental sustainability. The audit found that the MoD was critical to central government's sustainability objectives due to its size, supply chain and the amount of land it controls.

The report acted as a catalyst for improvements in sustainability governance at the MoD as NAO's work was one of the key enablers to raising awareness of sustainability issues across the MoD and to senior leaders. This resulted in the MoD identifying an initial approach to better address climate change and sustainability across defence and harnessing the value of sustainability through policy and process change. The MoD established new governance processes and appointed a dedicated Director for Climate Change and Sustainability. The NAO's review also highlighted improvements that could be made to the MoD's asset management which are taken forward.

These examples show how SAIs' work has impacted in raising the overall awareness and helped governments to take climate risks better into consideration. SAIs' work has facilitated the development of legal frameworks and the overall management as well as the planning, monitoring, and reporting on climate actions. SAIs have also helped governments to mainstream climate action into various sectors.



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