



**The success story of Accountability State
Authority
in the field of auditing and control of projects
that have an impact on the phenomenon of
Biodiversity**



Contents

Introduction

First: The importance of biodiversity and its relevance to the Sustainable Development Goals (SDGs)

Second: National Policy and Strategy of the Arab Republic of Egypt

Third: The role of the Accountability State Authority in the field of auditing and control of projects that have an impact on the phenomenon of biodiversity in the Arab Republic of Egypt

Fourth: The methodology of the auditing process used in biodiversity auditing

Fifth: Steps of the auditing process used in biodiversity auditing

Sixth: Steps of the auditing process carried out by the Accountability State Authority for projects that have an impact on the phenomenon of biodiversity

Conclusion



Introduction :

Today the World is facing multiple crises of enormous proportions: The most important of which are the coronavirus pandemic, climate change and the loss of biodiversity.

While our focus is on recovery efforts, we cannot ignore the interdependencies between people, the planet and the economy. The loss of biodiversity and ecosystem services is a development problem that often affects poorest countries the most. Nature does not need us, but we do. However, the services provided by nature are often undervalued and not taken into account in planning the development process.

Indeed Egypt, like most countries in the world, continues to face many challenges as a result of the accelerated technological development, the interdependence of cosmic ecosystems, the genetic engineering revolution, the liberalization of foreign trade, the growth of global tourism, in addition to the limited material potentials of the State. Egypt has therefore paid special attention to international cooperation in nature protection projects, which had a great impact on achieving the desired goals, the last of which was discussed at the XXIV INCOSAI in November 2022, under the title of "The Work of Supreme Audit Institutions in Confronting General Disasters" with the participation of the Accountability State Authority "ASA" of Egypt. Egypt also hosted the World Climate Summit COP 27 in Sharm El-Sheikh in November 2022 that ended with paying attention to a number of issues, particularly biodiversity.

First: The importance of biodiversity and its relevance to the sustainable development goals (SDGs):

- Living organisms, thanks to their biological diversity, play an important role in the development of agriculture, medicine and industry.
- Biodiversity contributes to the well-being of societies. Livestock provides 90% of individuals' needs for firewood, food for humans and fertilizer for plants.
- Biodiversity helps maintain the strains of living organisms.
- The impact of biodiversity is involved in the development of eco-tourism, for example the presence of coral reefs.
- It enhances countries' economy by providing plant, animal and fish resources.
- Biodiversity and ecosystems are prominent in many of the SDGs and related targets, particularly those related to the cultivation of agricultural crops and livestock.



Second : National Policy and Strategy in the Arab Republic of Egypt:

Egypt has pursued a serious policy to protect scarce natural resources and unique biodiversity as a fundamental basis for economic and social development, providing an environmental balance for the benefit of the citizen and securing his future. Nature's protection policy is based on the following principles:

- Preserving the national biodiversity as a basis for sustainable development and integration with the State sectors.
- Establishing a national network of natural reserves that includes important ecosystems and protects endangered species.
- Activating environmental legislation and international and regional agreements and spreading awareness and environmental education.
- Cooperating with international organizations and participating with donors in nature protection projects.

Third: The role of the ASA in the field of auditing and control of projects that have an impact on the phenomenon of biodiversity in Egypt:

The ASA seeks to empower auditors to evaluate mutual connections and complementarities between the SDGs, and to guide governments to address shortcomings by carrying out audit processes: financial, performance, and compliance, as well as providing information that governments and stakeholders can benefit from to drive full implementation for the 2030 Agenda.

Fourth: The methodology of the auditing process used in biodiversity auditing:

It is mainly through the following steps:

- Identifying the biodiversity subject to audit and the threats therein.
- Knowledge and understanding of government's responses to these threats and the stakeholders' reactions thereto.
- Choosing the subject of audit and the priorities thereof.
- Defining audit methods, audit objectives and basic inquiries for the audit process.

Fifth: Steps of the auditing process used in biodiversity auditing:

Although each audit has special features, the steps of the audit process are similar in most audits and usually consist of three stages:

- Audit Planning.
- Conducting a field audit.
- Reporting.

Sixth: Steps of the auditing process carried out by the ASA for projects that have an impact on the phenomenon of biodiversity:



The ASA has developed a model and framework for implementing a financial audit program for projects with an impact on biodiversity, following up and evaluating performance during the implementation process, as well as ensuring the compliance with laws, plans, programs and protocols signed with states, donors and lenders in accordance with ISAM, as this model achieves the goal of the audit process and in the light of the 2030 SDGs Plan including goals 9, 13, 14, and 15. The ASA has audited a number of projects disbursed from the investment plan, the State's ongoing budget ,and, from grants and loans.

The final plan for the implementation of the audit mission consisted of a number of specific elements as follows:

1. Determine the information and documents related to the international standards, objectives, conventions and previous sub-audit objectives.
2. Determine the selected audit criteria and indicators.
3. Determine the timeframe, reference and working team formed to implement the audit task.
4. Determine the methods and procedures used by the working teams in collecting and analyzing specific data and information.
5. Identify projects and companies that have an environmental impact on biodiversity.

Executing the auditing through:

1. The procedures to be implemented to ensure that the entities comply with environmental standards in the course of their activities.
2. The indicators to be used to measure and evaluate their environmental performance and impact .

The results of the audit process are summarized in the presence of some environmental violations of the Egyptian Environmental Law related to biodiversity such as fertilizer, chemical and petroleum companies, including the discharge of untreated liquid residues or high rates of ammonia and fluorides affecting fish stocks and aquatic plants.

First: Findings related to environmental management:

The non-compliance of some auditees with the recognized environmental management systems through :

- Examining the applicable management systems, environmental policies, and accounting systems, as they involve the environmental systems therein.
- Conducting field visits.
- Using reference comparisons of international laws and obligations, environmental indicators, and environmental expenditure analysis.

Thus, finding out that they did not obtain the necessary licenses in the field of work.



The recommendation was that such licenses should be obtained before starting to practice the activity and the necessity to adhere to international standards and laws.

Second: Findings related to the environmental impact:

The overall negative impact of the fertilizer industry companies through examining and testing the international ratios and indices in the fertilizer industry guide and the most important emissions from them, as well as the reports of the UN's international committees concerned with climate change.

Thus, finding out that there was negative deviation with regard to the temperature ratio, rising the water level, and high risks were achieved.

The recommendation in this regard was the need to immediately stop the activity of the violating companies or to rehabilitate them and to impose fines and strict compensation.

Follow-up of the auditing effect:

It takes place through meetings with the Boards of Directors of companies to discuss means to implement corrective measures, such as installing purification filters, establishing drainage channels for discharging liquid emissions and collecting information thereon through working teams formed for this purpose specifically or through a central follow-up body.

Response:

The government has implemented most of the ASA's recommendations, and is working on following up companies to verify the preservation of biodiversity.

Conclusion :

We cannot act to address biodiversity without considering the threats to nature posed by climate change, because loss of nature and climate change are two sides of the same coin. This means providing countries with more funding to reduce emissions by cutting carbon emissions from their energy and transportation systems; restoring and protecting their forests and other natural areas; changing their diets; and building the resilience of local communities to the impacts of climate change.

It is the responsibility of SAIs to commit to taking all decisive actions to reverse the loss of nature by conserving it, using it sustainably, and sharing the benefits of biodiversity equitably.