

## SAI20 2024 Online Technical Meetings – Main aspects of discussion

**Theme:** Climate Financing

**Date:** March 5<sup>th</sup>, 2024

**Session 1:** 10 am – 12 am / **Session 2:** 09 pm – 11 pm (GMT -3)

**Maximum number of participants:**

Session 1: 57

Session 2: 32

**SAIs represented:**

**Session 1:** Brazil (host), Egypt, France, Germany, India, Morocco, Portugal, Russia, South Africa, Spain, Turkey, and United Arab Emirates.

**Session 2:** Brazil (host), China, Indonesia, Japan (observer), Mexico (observer), and South Korea.

**Welcoming remarks and agenda overview – Raisa Ojala**

- The event began with Raisa Ojala, Director of International Cooperation at SAI Brazil, offering introductory remarks about the expertise of all participating SAIs in auditing Climate Financing policies, programs, and projects. Ms. Ojala expressed gratitude to the attendees and outlined the event's agenda, consisting of other key moments designed to foster meaningful dialogue and consensus-building leading to actionable outcomes.
  - **1.** Opening words (Junnius Marques); **2.** Introductory Presentation on the role of SAIs in evaluating governmental action on Climate Financing (Hugo Chudyson Freire); **3.** Group Discussion (all participants, with the facilitation of Fernanda Cabral, UNDP Consultant); **4.** Consensus-Building Session (all participants, with the facilitation of Fernanda Cabral, UNDP Consultant).

**Opening words: Role of the SAIs in the Audit of Climate Financing – Junnius Marques Arifa**

- In his opening words, Junnius Marques Arifa, Deputy Secretary General of External Control at SAI Brazil, expressed his heartfelt gratitude for all participants gathered in this second online technical meeting, one week after the session on the Fight Against Hunger and Poverty.
- Before delving into the theme of his speech, Mr. Arifa expressed condolences to the family of Mr. Daniel Machado da Fonseca, the Brazilian diplomat scheduled to address the G20 Agenda on Climate Financing during this session. Daniel, who recently assumed the role of Head of the Climate Action Division at the Ministry of Foreign Affairs of Brazil, was a dedicated and inspiring professional, bringing passion to his work on climate-related issues.
- Mr. Arifa emphasized the severe impacts of climate change, underscoring its disproportionate effects on vulnerable populations worldwide. He highlighted the urgency for strategic and effective measures

to mitigate these impacts, emphasizing the need for SAIs to play a crucial role in ensuring accountability and transparency in climate financing.

- Addressing the global impact of climate change, Mr. Arifa highlighted that G20 countries are responsible for 75% of greenhouse gas emissions and represent 2/3 of the world's population. This statistic underscores the important role G20 nations play in shaping climate policies and the subsequent responsibility of SAIs to audit and assess the effectiveness of climate financing initiatives within these influential countries.
- Mr. Arifa stressed the collaborative responsibility of SAIs to work in tandem with the governments of G20 countries. He emphasized the importance of SAIs actively participating in assessing and enhancing the efficiency of climate financing initiatives. This collaboration aims to ensure that financial resources are effectively deployed to address climate challenges, fostering accountability, and encouraging G20 nations to fulfill their commitments towards a sustainable and resilient future.

#### **Promoting reflections on the role of SAIs in Climate Financing - Hugo Chudyson Freire**

- Hugo Chudyson Freire, Head of SAI Brazil Specialized Audit Unit for Agriculture, Environment, and Development began his presentation with reflections about the role of SAIs, which is primarily to support the proper utilization of public resources and evaluate the effectiveness and efficiency of public policies.
- Mr. Freire detailed that SAIs possess the capacity to conduct compliance, financial, and performance audits specifically tailored to climate financing initiatives. When carrying out these audits, SAIs can contribute significantly to ensuring that resources allocated for climate-related projects are utilized optimally and meet the intended objectives.
- He also clarified that SAIs are not responsible for designing or implementing public policies related to climate financing. Instead, their primary role lies in evaluating government actions, providing an independent assessment of the impact and effectiveness of policies, thereby holding public officials accountable for their stewardship of climate-related funds.
- Concluding his presentation, Mr. Freire prompted reflection on the proactive role SAIs can play in going beyond their traditional functions. He encouraged the exploration of approaches to increase the impact of audits and evaluations, and the promotion of innovation and collaboration to ensure that SAIs continue to contribute significantly to the effective implementation of climate finance initiatives.

#### **Group Discussion – All participants, with the facilitation of Fernanda Cabral**

- After the initial sessions, all participants were engaged in a group discussion facilitated by Fernanda Cabral, a consultant hired through the technical cooperation project of SAI Brazil with the United Nations Development Program (UNDP). The main objective of this session was to collaboratively identify and prioritize key themes on “Climate Financing” that should be communicated from SAIs to the G20.

- To achieve this objective, in Session 1 all participants were divided into small groups, using breakout rooms, for in-depth conversations based on the two following guiding questions. In Session 2, due to a reduced number of participant SAIs, the conversation was held within one sole group (Plenary):
  - 1. What are the main challenges and opportunities regarding Climate Financing in your national context?
  - 2. How can SAIs contribute to improving the Climate Financing Governance?

### Consensus-Building Session

- Based on the group discussions, the final step of the meeting aimed to collectively endorse 1-3 priority messages that reflect SAIs' shared vision and action aspirations for Climate Financing.
- With participants gathered as one group, all SAIs had the opportunity to read the listed messages and to subsequently vote on their priorities (Appendixes A and B).
- In view of the different levels of experience in auditing the issue among the SAIs, a discussion arose about the possibility of creating a group between SAI20 institutions, to share experiences and challenges related to Climate Financing.

### Final remarks

- Ms. Raisa Ojala underlined the upcoming deadlines and engagements, drawing attention to the next milestones of this year's edition of SAI20:
  - **March 5th:** Online technical meeting about "Climate Financing".
  - **February 28th - March 19th:** SAI Brazil will draft a first outline of the Communiqué internally based on the discussions held during the online meetings.
  - **March 19th:** The consultant will deliver the "Report of the Outcome of Preparatory Online Meetings".
  - **March 20th - April 10th:** SAI Brazil will share the Report and Draft Communiqué with all members and observers for comments.
  - **April 15th – April 18th:** Senior Officials Meeting (SOM) in Brasília, Brazil. Finalization of Communiqué.
  - **April 20th – May 20th:** Finalization and Circulation of the final version of the Communiqué.
  - **June 16th – June 18th:** SAI20 Summit in Belém. Approval of the communiqué and insights to incorporate SAI20 Communiqué Recommendations within the INTOSAI Framework.
  - **July (TBC):** SAI20 presentation to G20 Sherpas.
  - **Second semester:** Incorporation of SAI20 Communiqué recommendations within the INTOSAI framework, joint side event P20, J20, and T20 (TBC).

## Appendix A – Key messages gathered from Session 1

*Items primarily voted in Session 1: 1,2,4,9,10,13,14,15 (Highlighted in gold).*

1. Improvement of climate financing audits by advocating for standardized methodology and reporting guidelines and fostering collaboration and discussion among stakeholders to enhance transparency and accountability in climate finance initiatives.
2. An overarching climate finance audit framework to comprehensively assess the effectiveness in climate finance management and implementation in different contexts around the world.
3. Strengthening donor collaboration to foster greater accountability from governments, ensuring structured oversight, thereby enhancing transparency in addressing climate finance challenges.
4. Enhancing the expertise and capacities of auditors in climate financing by providing capacity-building programs and fostering collaboration and exchanging views among stakeholders.
5. By conducting the corresponding audits SAIs may help governments in further shaping and improving the methodology and approaches towards green projects.
6. SAIs as oversight and corruption preventing bodies. In this case SAIs may contribute to improving climate finance by performing their role as oversight bodies and preventing fraud, corruption, and greenwashing.
7. One of the biggest problems that SAIs face when supervising is the existence of different levels of administration (state, regional and local).
8. To address the different levels of administration problem, adequate coordination of administrations, and even SAIs, could contribute by sharing more information. It would also be advisable to use more computer tools.
9. Absence of a common and consolidated taxonomy for what kind of investments should be considered to directly contribute to achieve climate goals and what kind of investments directly hamper.
10. Vague Policy Formulation: A significant challenge is the lack of clear, measurable goals and indicators, which hinders effective monitoring and evaluation of climate finance initiatives. This includes insufficient definition of objectives and unreliable data for audit purposes.

11. Policy Incoherence: There's an observed fragmentation, duplication, and sometimes contradictory effects in policy measures due to dispersed responsibilities across different ministries. This complicates the coherent implementation of climate action strategies.
12. Diversification of Fund Sources: Maximizing and diversifying funding sources for climate action are seen as both a challenge and an opportunity. The challenge lies in the articulation of entities involved in climate-related programs and overcoming incomplete and unreliable data. On the other hand, diversifying the economy and increasing awareness of climate financing can contribute to significant opportunities for enhancing climate action.
13. Lack of Established Goals and Strategies: The absence of established goals, strategies for domestic climate finance, and mechanisms to identify financial needs for climate mitigation and adaptation projects are significant hurdles. Additionally, the lack of a tracking system for climate finance further complicates the effective allocation and monitoring of funds.
14. Audit Mix Approach: SAIs should employ a combination of compliance and performance audits to identify deficiencies in current climate financing policies and propose effective and efficient countermeasures. This dual approach can help ensure that funds are used appropriately and that climate finance initiatives are achieving their intended outcomes.
15. Strategic Consistency Evaluation: Utilizing their overarching perspective, SAIs should critically evaluate the strategic consistency of government policies. This "Bird's eye view" allows them to assess whether different initiatives align with broader climate action goals.
16. Evidence-Based Policymaking: SAIs are in a unique position to advocate for evidence-based policymaking by pushing governments to establish clear goals and indicators. This approach enables the evaluation of policy effectiveness and the adaptation of strategies as needed, ensuring that climate finance contributes effectively to mitigation and adaptation objectives.
17. The challenge of properly funding programs to climate change mitigation and adaptation, especially considering the role of SAIs in advising governments and international organizations on the way climate change programs are funded.
18. Role of SAIs as sources of information to the government in developing reliable methodologies to track the performance of climate change programs.
19. SAIs can contribute to bring together government and private actors in assessing the effectiveness of climate change programs.

## Appendix B – Key messages gathered from Session 2

*Items primarily voted in Session 2: 1, 4, 7, 8, 10, 12, 13 (Highlighted in gold).*

1. To form a consensus among various SAIs on the audit objectives, audit approaches and methodologies for auditing climate finance.
2. To conduct more audits of climate finance.
3. To increase online and offline training for auditors, and to increase experience and knowledge sharing among SAIs.
4. Urge a comprehensive data framework of climate financing including the indicators, measurement and reporting mechanism that fit with respective country context.
5. Reassess the readiness of the Climate Financing Ecosystem in form of the regulatory framework and institutional arrangement.
6. Reformulate the definition and scope of climate financing.
7. Strengthen the collaborative efforts among SAIs in sharing knowledge and experiences in auditing the climate financing through INTOSAI WGs, regional and bilateral.
8. SAIs can contribute to facilitating access to climate funds by identifying the main difficulties countries face when trying to use those funds.
9. Establishing clearer examples and best practices for climate finance to create a more definitive definition.
10. Strengthening external audits for climate finance mechanisms (GCF, ETS, etc.).
11. Capacity building on auditing climate financing should be promoted.
12. SAIs can contribute to enhancing climate finance governance by demanding governments concrete actions to identify, track and monitor private and public resources.
13. Implement a climate finance audit framework to comprehensively assess the effectiveness in climate finance governance in different contexts around the world, such as *ClimateScanner* initiative.

TCU's reflections of the results of discussions and the key messages on Climate Financing

The call on nations to transition away from fossil fuels was part of a decision by nearly 200 Parties on the world's first 'global stocktake' to accelerate climate action before the end of the decade – with the overall aim of keeping the 1.5°C global temperature limit within reach.

The action is considered the central outcome of the 28th Conference of the Parties (COP), hosted by the United Arab Emirates in Dubai in 2023, as it contains every element that was under negotiation and can now be used by countries to develop stronger climate action plans due by February 2025. The Conference aimed to achieve goals which include accelerate the just energy transition, transform climate finance, and link nature and health at the heart of climate action.

The 'global stocktake' recognizes the science that indicates that global greenhouse gas emissions need to be cut 43% by 2030, compared to 2019 levels, to limit global warming to 1.5°C. And calls on all parties to take actions towards achieving, at a global scale, a tripling of renewable energy capacity and doubling energy efficiency improvements by 2030.

The list also includes accelerating efforts towards the phase-down of unabated coal power, phasing out inefficient fossil fuel subsidies, and other measures that drive the transition away from fossil fuels in energy systems, in a just, orderly, and equitable manner, with developed countries continuing to take the lead.

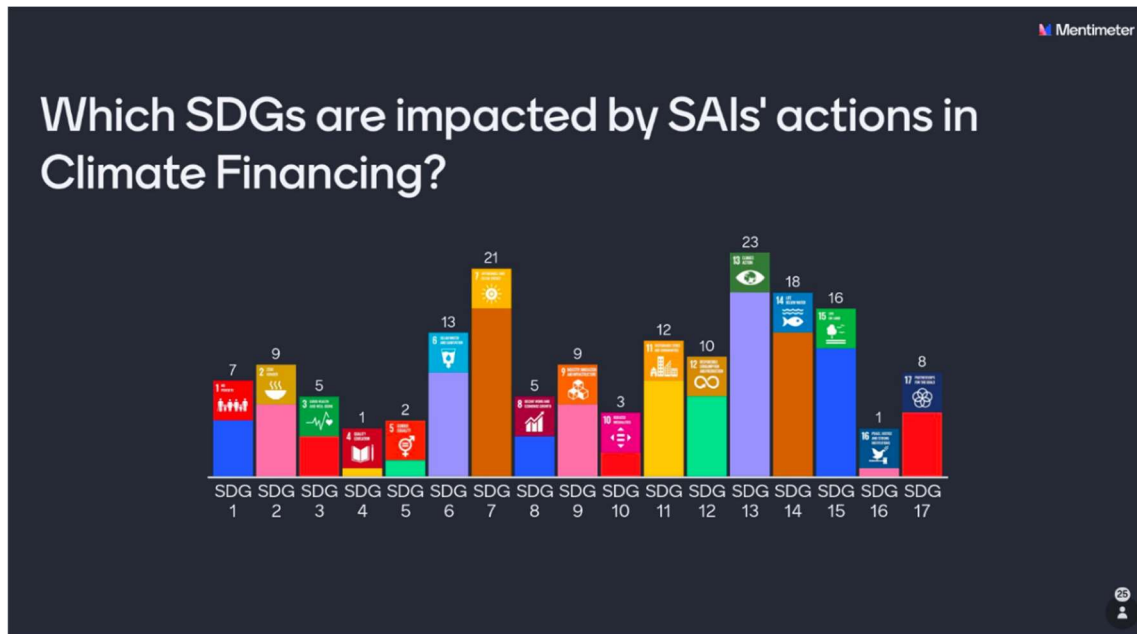
Regarding the consensus built on SDG's impacted by SAIs actions on the SAI20 Group's actions, in addition to the already anticipated relevance of SDG 13 - Action Against Global Climate Change, there is a consensus on the relevance of SAI20 actions to SDG 7 - Clean and Affordable Energy. Reinforcing that fighting the climate crisis requires more sustainable energy consumption.

We hope that these reflections can guide the work of SAI20 and contribute to a more assertive approach to the SAIs' messages to be taken to the G20.

**Appendix C – Consensus Building on SDG’s impacted by SAIs actions.**

The two graphs on SDGs show that the SDGs most impacted by climate finance are SDG 7 (affordable and clean energy) and SDG 13 (climate action).

**Session 1**



**Session 2**

